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COLONIAL ANNUAL REPORTS

North Borneo

1948



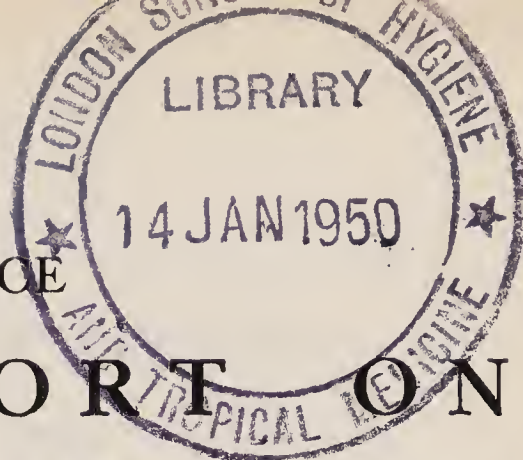
LONDON: HIS MAJESTY'S STATIONERY OFFICE

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THE SERIES OF COLONIAL ANNUAL REPORTS which was re-introduced for the year 1946 (after suspension in 1940) is being continued with those relating to 1948.

It is anticipated that the Colonies and Protectorates for which 1948 Reports are being published will, with some additions, be the same as for the previous year (see list on cover page 3).

The cover illustration shows a Murut woman playing a sweet sounding native musical instrument.



COLONIAL OFFICE

ANNUAL REPORT ON NORTH BORNEO

FOR THE YEAR
1948


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1949

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GOVERNMENT OF NORTH BORNEO.

ANNUAL REPORT, 1948.

Short Summary of Main Points.

General. This is only the second Annual Report on the Colony but it is already evident that a great deal has been done to lay a firm foundation for continued and lasting progress.

Financial Settlement. A very satisfactory financial settlement has been negotiated with His Majesty's Government. Put briefly, His Majesty's Government has agreed firstly to pay to the Chartered Company for the sovereign rights and assets of North Borneo the sum of £1,400,000; secondly, to provide grants-in-aid totalling £1,750,000 for the period 1948-1951; thirdly, to provide £1,250,000 towards the Colony's Development Programme estimated to cost £3,300,000; fourthly, to provide over £500,000 to redeem Chartered Company currency; fifthly, to waive the cost of the British Military Administration; and sixthly, to provide a free grant of \$5,000,000 and an interest-free loan of approximately \$6,400,000 to meet war damage claims.

Trade. The trade for the year is the highest on record, totalling \$55,000,000 for imports and exports, and \$15,000,000 for transit trade. This compares with a total for imports and exports of \$16,000,000 in 1938, transit trade being negligible.

Public Finance. Ordinary revenue \$8 millions; ordinary expenditure \$5.7 millions; special expenditure \$5 millions; deficit \$2.7 millions. (In round figures).

PRODUCTION AND LABOUR.

Rice. Enough rice was produced locally during the year to feed 2 out of every 3 of the population on a very generous ration. Two years ago it was only possible to feed 1 in 4 of the population from local production on a very meagre ration.

Rubber. Rubber production exceeded 20,000 tons, a 25% increase over 1947.

Coconuts and Copra. Output was double that for 1947.

Tobacco. The value of tobacco exported was treble that of 1940.

Hemp. Production of hemp is likely to increase.

Timber. 5¾ million cubic feet of timber was produced during the year of which just over 3¼ million cubic feet was exported. Of this, just over 1 million cubic feet went to Australia, just under a million cubic feet to Hong Kong, and a little over half a million cubic feet to Shanghai and about the same to the United Kingdom.

Labour. There has been an increase of approximately 37% in the number of labourers over the last 2 years although we still have

some way to go to reach pre-war figures. It is noteworthy that natives of the country provide 60% of the labour force whereas pre-war they provided just over 40%.

Cost of Living. This has increased to some 3 to 4 times its pre-war level for a slightly lower standard of life, except in the case of rice producers who enjoy a higher standard than pre-war as they are able to sell their surplus rice locally at 8 or 9 times the pre-war price. A Commission of Inquiry examined the question of the high cost of living during the year and made important recommendations, many of which have already been implemented.

Trade Unions and Trade Disputes. Trade Unionism is still in its infancy. There was no trade dispute of any importance during the year.

SOCIAL SERVICES.

Education. The number of schools rose from 165 in 1947 to 193 in 1948 and the number of pupils from just over 14,000 to just under 16,000. However, there is still a very long way to go as some 50,000 children remain to be provided for.

Health. There was a steady improvement in the health of the population during 1948, nutritional deficiency diseases being less in evidence. There was a marked decrease in the incidence of malaria and there were no outbreaks of serious epidemic disease.

Housing. In the main towns the housing problem is still acute, although everything possible is being done to improve matters.

Social Welfare. A War Victims Fund totalling over \$300,000 was established and a Board of Trustees appointed to administer it.

Legislation. A reprint of the Laws of North Borneo was published during the year. It contains the law as it stood on the 31st December, 1946.

Justice, Police and Prisons. Criminal statistics continue to show a satisfactory downward trend, serious crimes being rare.

COMMUNICATIONS.

Railway. The number of passengers carried by the Railway more than doubled. A Commission of Inquiry is at present examining the question of the future of the Railway.

Shipping. Ten shipping lines now run regular services to and from the Colony.

Civil Aviation. Work has begun on the air-strips at Jesselton and Sandakan and it has been accelerated to enable a commercial airline land service to be started in the near future.

Telecommunications. More than 2 million words were transmitted over the Jesselton and Sandakan stations during the year compared with a total for all stations of just over half a million words in 1938.

Posts. The number of air mail letters handled was more than trebled compared with 1947.

PART I.

GENERAL REVIEW.

The Governorship.

Mr. Edward Francis Twining, C.M.G., M.B.E., continued in office as Governor and Commander-in-Chief throughout the year. During his absence on leave from 18th May, 1948, to 1st November, 1948, the Government was administered by the Chief Secretary, Mr. James Calder, C.M.G.

Rehabilitation.

The close of the year 1947 showed a North Borneo still licking the wounds caused by three and a half years of enemy occupation but nevertheless stretching its limbs and full of confidence that the period of convalescence would not last much longer. That this confidence was not misplaced is shown by the record and North Borneo is now well on the way to recovery. It is true, of course, that first aid measures have still to be taken and that results may not always be spectacular. Nevertheless a great deal has been done to lay a firm foundation for continued and lasting progress.

From the nature of the obstacles to be overcome, much of the work has, of necessity, been of a temporary nature, but with the appointment of a Town Planner, the increasing tempo in the arrival of essential equipment and material, and the fact that staffing difficulties are gradually being overcome, more and more permanent reconstruction should be possible in the near future.

In a country which was devastated as much as North Borneo (and it is well to remember that the Colony was perhaps the most devastated of British possessions, not excluding Malta) it is only natural that the cost of rehabilitation will be heavy. The generous financial assistance which His Majesty's Government has rendered has, therefore, been received with gratitude and with a determination that the Colony will make every effort to pay its full share of rehabilitation from its own resources.

Financial Settlement.

For some time past it has been clear that if this Colony is to progress in the way it should, it was necessary to place its finances on a firm basis. The position was complicated by such fundamental changes as the Japanese occupation, the period of the British Military Administration and the taking over of the sovereign rights of the Chartered Company by the Crown. Large sums are required for reconstruction and for development. Increased revenue is needed for the expansion of Government services. But as long as the Colony is dependent on Grants-in-Aid from His Majesty's Exchequer, so long will it be necessary for the Colony's finances to be under close Treasury control. It is, of course, the first principle in political progress to run one's own affairs, particularly one's financial affairs, and with this end in view the Colony has exerted every effort to help itself

to balance its budget and only to go to His Majesty's Government for assistance which is absolutely essential but beyond its means. As a result of this policy, the Colony has, since Civil Government took over, been able to meet all its recurrent expenditure and to contribute approximately \$3,000,000 towards reconstruction. It is clear, however, that if the Colony is to execute its programme of reconstruction and development with a flow of continuity and on a sufficiently large scale, it is necessary for it to be sure of having sufficient funds available during the next few years to finance such a programme. With this end in view, the Government submitted its case to the Secretary of State for the Colonies with a request that the Colony should come to a final financial settlement with His Majesty's Government. As a result consultations have taken place which have enabled the financial position of the Colony and its various liabilities to be clarified sufficiently to permit of a final financial settlement on the following lines:—

1. Any expenditure on account of the amount to be paid to the British North Borneo (Chartered) Company by His Majesty's Government for acquiring North Borneo's sovereign rights and assets will be borne by His Majesty's Government, outside the terms of this settlement. (This has since been assessed by the Arbitrator, Lord Uthwatt, at £1,400,000).
2. Including the Grant-in-Aid of £650,000 for the year 1948/49, expenditure on rehabilitation from past Grants-in-Aid and contributions from the Colony's revenue will have been such as to leave a balance to be found of £1,400,000. It has been agreed that the Colony should find the sum of £150,000 a year for the two years 1949 and 1950 (making a total of £300,000), and that His Majesty's Government shall make further grants in all totalling £1,100,000 for the financial years 1949/50 and 1950/51, the period to be extended if it is not possible to complete the reconstruction programme in that time. Furthermore, if it is not possible to expend the whole of the £650,000 of the 1949/50 Grant-in-Aid by the end of the United Kingdom's current financial year, such unexpended portion, subject to Parliamentary approval, shall be carried forward.
3. In view of the magnitude, in relation to North Borneo's total budget, of the assistance from His Majesty's Government, general control of the Colony's finances by His Majesty's Government must continue to be maintained although some relaxation from the existing form of control may be agreed to.
4. In addition to the programme of reconstruction, a programme of development to cost some £3,300,000 is envisaged. It is estimated that this programme will have to be financed:—
 - (a) from revenue to the extent of £750,000 over five years 1951/1955, although every effort will be made to increase this figure;
 - (b) from the Colony's existing allocation of £750,000 from the Colonial Development and Welfare Fund;
 - (c) from a loan, which it is estimated will be required to be raised in 1953 amounting to £1,300,000, subject to His Majesty's Government being able to agree at the time for a public loan of this amount to be raised;

- (d) from a further allocation of £500,000 from the Colonial Development and Welfare Fund which would be subject to review in three years time in the light of the Colony's ability to use its total revised allocation.
5. A loan already provided by His Majesty's Government of £502,296 to enable the Colony to redeem the currency issued by the British North Borneo (Chartered) Company, will be converted to a free grant.
 6. His Majesty's Government will not seek any contribution for the cost of the British Military Administration which functioned prior to the Civil Government being re-established, but further consideration will be given to the incidence of charges of certain stores ordered for the British Military Administration which arrived only after the Civil Government had been re-established.

Development.

At an Advisory Council meeting held on the 15th April, 1948 the Reconstruction Plan for North Borneo 1948-1955, together with the recommendations made by the Select Committee which had been appointed to consider that Plan, was adopted unanimously. As a result it has been possible during the year to settle down to the work of preparing for both the long and short term development of the Colony, and the progress already made covers a wide range of projects.

Under the Reconstruction and Development Plan work during the year included that of the Malarial Research Unit; the commencement of a Survey of the Fishing Industry by the new Fisheries Department; the completion of a preliminary survey by the Drainage and Irrigation Engineer into this most important subject in a rice-producing country such as North Borneo; while the appointment of a Town Planner has enabled a preliminary survey to be made of the planning of the principal towns. In addition approval has been granted for a combined scheme for the geological survey of North Borneo, Brunei and Sarawak, to be financed from the Geological Surveys allocation made under the Colonial Development and Welfare Act. In connection with this project it is hoped that two geologists will be appointed in 1949.

Economic Progress.

For the first time since the war North Borneo showed a favourable balance of trade and of particular interest is the figure of \$29,741,954 for exports which show an increase of nearly \$13,000,000 over 1947. The Colony's economy depends largely upon her agricultural products and the generally good prices received from overseas markets materially facilitated the work of rehabilitation. A decline in the price of rubber towards the end of the year caused losses to some dealers. There can be no doubt that the greatly expanding figures for export trade would have been still greater were it not for the shortage of labour which still continues to put a serious brake on production. While North Borneo is fortunately free of the disturbed political conditions apparent throughout the rest of South East Asia, the position in neighbouring territories makes recruitment of labour there difficult.

Although the arrival of new plant and equipment is still somewhat slow there has been a gradual improvement throughout the year, which should lead to an acceleration of the progress already noted.

The question of rice production is most important and there can be no doubt that a plentiful supply of rice is essential to the economic progress of the country. It is the basic foodstuff of the entire population and no substitute will willingly be taken. It is fortunate, therefore, that the position has materially improved during the year. An excellent crop was harvested in the beginning of 1948 and all the indications are that the crops being harvested early in 1949 will be equally good and will probably enable some two thirds of the population to be satisfactorily fed, thus reducing our reliance on imported rice.

The Constitution.

The Constitution of the Colony has been under review and the Governor, with the advice of Advisory Council, submitted proposals for the new Constitution to the Secretary of State, which he has approved. The necessary Instruments to implement the new Constitution are now being prepared. The Constitution provides for an Executive Council and a Legislative Council in both of which there will be due representation of all important elements in the Colony.

In the meantime the administration of the Colony is in the hands of the Governor, who in making laws is bound by the North Borneo Letters Patent to consult the Advisory Council. Any laws so made are subject to disallowance by His Majesty through the Secretary of State for the Colonies.

In 1948 the Governor appointed an Executive Committee of Advisory Council to advise him on matters of policy. This Committee is intended to be the nucleus of the Executive Council in the new Constitution and at present is composed of the Chief Secretary, the Attorney General, the Financial Secretary, the Resident, West Coast, the Commissioner of Immigration and Labour, and three leading unofficial members of Advisory Council.

Early in 1949 a senior administrative officer was seconded for the purpose of investigating the steps to be taken to implement the recommendations regarding local government which were made in 1947.

Trade and Industry.

Commercial undertakings continue to show considerable interest in the possibility of operating in North Borneo, and several well known firms have opened branches in Jesselton, Sandakan, and Tawau during the year. They plan a wide expansion of their interests. The question of cocoa cultivation is being examined and it is expected that in the near future manila hemp will become an important factor in North Borneo's economy. A report on the Colony's coal resources was completed and investigations are continuing into the possibility of developing mineral oil deposits and hydro-electricity.

Custodian Hemp Estates.

Among the more important assets vested in the Custodian of Property were certain manila hemp estates. The largest of these, formerly the property of Nissan Norin K.K., were Table and Tiger

Divisions at Tawau and Mostyn Estate on the north of the Semporna peninsula. The total area of these estates is about 13,000 acres of which 1,300 acres are still planted with hemp.

All the estates suffered severely from neglect and deterioration during the Japanese occupation and in December 1946 it was established that Tiger and Table Divisions were infected with bunchy-top disease. In view of this, these estates were slaughter-stripped and partial eradication of diseased root-stocks was carried out. This work was done by the Custodian as at this stage it proved impossible to interest commercial firms in the estates.

The acute shortage of labour on the east coast made the efficient operation of the estates particularly difficult, while the lack of funds in the Colony belonging to the Japanese pre-war owners necessitated large advances from Government. When production ceased on Tiger and Table these divisions were clearly a liability unless large capital expenditure in eradication and eventual replanting could be undertaken. Such expenditure was beyond the means of the Custodian and when it became clear that operations at Mostyn were too onerous for the Custodian it was decided the estates should be sold.

In November 1948 negotiations took place between the Government of North Borneo, the Colonial Development Corporation, and the Custodian of Property and it was agreed that the Custodian should transfer his right, title and interests in the estates referred to together with two other small hemp properties, to the Colonial Development Corporation.

The purchase price was \$1,000,000, payable in four yearly instalments, and on the 1st February, 1949 the Colonial Development Corporation entered into possession of the properties. It is understood that the Corporation intend to form, in conjunction with a sterling area subsidiary of the Luzon Stevedoring Co. Inc., a Company to be called Borneo Abaca Ltd. to operate the estates.

Salaries Commission.

The Borneo Salaries Commission, appointed in 1947 under the chairmanship of Sir Harry Trusted K.C., published its report in December 1947 and, after the recommendations had been given detailed consideration by the three Governments of North Borneo, Sarawak and Brunei, they were accepted with minor modifications, and effect was given to them in the latter half of 1948.

In brief, the revised terms of service give substantial increases in substantive salaries and pay to the junior staff, and expatriation allowances to officers in salary scales with a maximum exceeding \$350 per month, who have been recruited from distant countries where they have their principal social ties and general background. Leave and passage conditions for officers in general have been modified to their advantage. In view of the increases in pay certain allowances previously drawn, such as children's allowance, have been abolished, and with certain exceptions officers will now be required to pay rent for their occupation of Government quarters.

The revised salaries and revised conditions of service take effect from the 15th July, 1946, for junior officers and from 1st August, 1947, for senior officers. All officers permanently appointed to posts on the

permanent establishment who were in the service of Government on the 15th July, 1946, or who joined the service after 15th July, 1946, and have not been removed or have not resigned, have been given the option to elect for the revised terms of service or remain on their existing terms. Action has also been taken to absorb temporary staff, where possible, into the permanent establishment on the revised terms of service.

It is possible to say that the revised salaries and conditions of service should afford a considerable degree of relief to all officers, particularly to those in the middle and lower salary groups, and increased opportunities are given for the advancement of local officers.

Salaries in respect of the Japanese Occupation.

During 1946 Rehabilitation Grants were approved to all Government employees. Those Government employees who were interned received, in addition to the Rehabilitation Grant, full pay for any period of internment in excess of one month. To avoid the possibility of inflation, which would not have been to the advantage of the recipients, immediate payments were limited to the equivalent of six months' pay.

In 1948 it was decided to pay the equivalent of six months' salary to those Government servants who had qualified for the Rehabilitation Grant but who were not interned or who were interned for less than six months. This further payment assisted Government employees to replace personal effects destroyed or lost during the war.

Ex-gratia payment to Volunteer Force.

In order to mark its appreciation of the valuable services rendered by members of the North Borneo Volunteer Force the Government, although under no obligation to make any payment, has, with the approval of the Secretary of State for the Colonies, decided to make an ex-gratia award of three months' pay and allowances to all members of the Volunteer Force who were mobilised during the period 8th December, 1941 to 19th January, 1942.

Rubber Commission.

As a result of conversations held at the Colonial Office with the Governor on the future of the Rubber Industry in the Colony it was decided to appoint a Commission of Enquiry with the following terms of reference:—

“Having regard to the probable future price levels for rubber, to examine the economy and prospects of the rubber industry as at present established and to make recommendations on methods of improving the production and marketing of rubber in respect of both estates and smallholders.”

The Commission was suggested in view of the industry's importance to the economy of North Borneo and the difficulties being experienced. It was arranged that the Commission should begin its work early in 1949, and it has since visited the territory and made certain interim recommendations which are receiving careful consideration.

Refund of Rubber Export Duty.

An export duty on rubber was imposed by the British Military Administration when exports commenced after the liberation. This export duty was continued by the Civil Administration.

Prior to the war, certain rubber producers had enjoyed exemption from the payment of rubber duties—a concession which had been granted in the early years of the century to attract commercial enterprise—and representations were made on their behalf that the duty should be removed. The question was fully considered by Government and it was decided early in the year that an ex-gratia refund of all such payments should be made to such producers as had enjoyed the concession previously.

During 1948 the refunds made in respect of rubber export duty collected during the period 15th July, 1946, to 31st December, 1947, amounted to over \$400,000, and a further \$80,000 has since been refunded.

War Damage Claims:

During 1948 the War Damage Claims Commission, which was set up in 1947, completed the registration and classification of approximately 10,600 claims. These claims totalled:—

In respect of land and buildings	\$14,176,693
„ „ „ business equipment	7,854,163
„ „ „ stocks, livestock, crops, etc.	14,717,541
„ „ „ private chattels	3,973,810
	<hr/>
	\$40,722,207
	<hr/>

In September 1948, the Commissioner paid a visit to London for discussions with the Colonial Office and on December 15th the Governor was able to announce that His Majesty's Government had offered to assist in financing a scheme of compensation for war damage by making a free grant to North Borneo of \$5,000,000 and offering an interest-free loan of approximately \$6,400,000. Assessment of claims is now proceeding.

Visitors.

Many important people have visited the Colony recently. They include:—

The Rt. Hon'ble Lord Listowel, P.C.	Minister of State for the Colonies.
Sir Charles Noble Arden Clarke, K.C.M.G.	Governor and Commander-in-Chief, Sarawak.
Monsieur A. Morand.	Ag: French Consul-General Singapore.
Sir Owen F. Morshead, K.C.V.O., D.S.O., M.C.	King's Librarian.

SERVICES:**Royal Navy.**

Admiral Sir Denis Boyd, K.C.B.,
C.B.E., D.S.O., R.N.

Commander-in-Chief, British
Pacific Fleet.

Army.

General Sir Neil Ritchie, K.C.B.,
D.S.O., M.C.

Commander-in-Chief,
FARELF.

Major-General J. M. Kirkman,
C.B.E.

Chief of Staff to Comman-
der-in-Chief, FARELF.

Major-General P.A. Ullman, C.B.,
C.B.E.

Chief Engineer, FARELF.

Brigadier M.B. Dowse.

H. Q. FARELF.

Royal Air Force.

Air Marshal Sir Hugh P. Lloyd,
K.B.E., C.B., M.C., D.F.C.

A.O. C.-in-C. Far East.

Air Vice-Marshal A. C. Sanderson,
C.B.E., D.F.C.

A.O.C. Malaya.

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PART II.

CHAPTER 1—POPULATION.

Until the census, at present planned for 1951, has been held, any estimate of the population of North Borneo can only be approximate. The last official census, held in 1931, showed the total population to be 279,186. Of this number natives of North Borneo amounted to 206,444; Chinese 51,118; Javanese 9,854; Malays 6,295; and others 5,745. By 1941 the war had rendered a census impossible, but it was estimated the population had increased to 309,618. These figures were exclusive of the population of Labuan, which before the war formed part of the Straits Settlements.

The war caused a great movement of the population away from the coastal towns to the villages and plains of the Interior. This was occasioned by a variety of reasons, of which the first was the cruelty and repressive action of the Japanese invaders who caused the torture and death of many hundreds of loyal citizens. The search for food led many others to the fertile hinterland, where their efforts to produce food would be less likely of interference from the Japanese, who were inclined to requisition everything; and lastly, to escape the continued pre-liberation allied bombing which completely shattered nearly every town, large or small, in the Colony. The liberation of the territory, however, caused a steady movement in the reverse direction until now this process of readjustment is virtually completed.

Large numbers of the population died during the war years from death by imprisonment, or starvation, or untreated disease of which, owing to the non-availability of any sort of prophylactic, the principal was malaria. To a certain extent these losses were offset by the importation of large numbers of Javanese and Chinese labourers by the Japanese on the promise of a land of milk and honey. Many of these labourers died, but there are no reliable records either of the numbers brought in or of those who now remain. A population check, carried out towards the end of 1947 for food control purposes, gave a population of 331,361 inclusive of Labuan, but it is felt that this figure is not very reliable.

Of the total population, about half live on the West Coast between the Crocker Range and the sea. Here the density averages 23 persons to the square mile, which is over three times the figure for the rest of the Colony.

Of the native population, the Dusuns form the most important tribe. They live along the West Coast and in the plains and hills of Tambunan and Ranau in the interior. They are a prosperous, agricultural people and are the chief rice producers of the country. In spite of a very high infant mortality rate, it is believed their numbers are increasing steadily. Much in advance of the other tribes in culture, education and agricultural methods, they form the most stable element in the rural population.

Next in importance, numerically speaking, are the Muruts, who inhabit the mountainous, inaccessible country towards the Dutch border. They were the last to abandon the practice of head-hunting, but they have not yet adopted a system of settled agriculture. Instead, they follow the age-long practice of shifting cultivation, using what is usually a 7-year cycle. By this means they ensure a supply of their staple diet of tapioca and hill padi as well as a potent home-brewed rice liquor known by the name of "tapai". They are great hunters, using spears, blowpipes with poisoned darts, and dogs. The chief form of game is wild pig, which are plentiful in the jungles of North Borneo. For ready cash, they rely on the collection of jungle produce, and on occasional periods of work as tappers and weeders in the rubber estates in the Tenom Valley. They are primitive in their habits and living conditions and their particular susceptibility to disease gives rise to the fear that, unless adequate medical and educational facilities are provided, they may eventually die out. The prevention of this is a matter which is receiving the earnest consideration of Government.

The Bajaus, a sea-faring people found mainly on the East Coast, form the smallest of the three principal North Borneo tribes. A large group has, however, settled in the Kota Belud District on the West Coast, where they have learned the art of wet padi planting from the Dusuns, and in addition have developed into excellent herdsman and horsemen. The Bajaus, together with the Illanuns, the Sulus and the Obians, are the descendants of the notorious pirates who terrorised these waters until well into the nineteenth century. Now, although smuggling forms an important side-line, they are our most industrious fishermen.

The largest alien race in the Colony are the Chinese who, while engaged chiefly in agriculture and commerce, also supply most of the artisans for local industries. Many are smallholders producing rubber, rice, coconuts, fruits and vegetables, and rearing pigs. The majority of them are Hakka, who provide many of the clerks and subordinate technicians employed by Government Departments and commercial firms. The business and shop-keeping community, particularly in the Sandakan area, are mostly Cantonese, who have long-established connections with Hong Kong and China, while in the West Coast towns they are Hokkiens who tend to look for their trade towards Singapore.

The European community, while numerically small, is economically very powerful. In general they are employed by Government and by the large trading and plantation companies with headquarters in London. They are the biggest employers of labour and exercise control over a large portion of the Colony's export trade.

In addition there is a small number of Javanese. In many cases they were brought here by the Japanese and represent those who elected to remain when they were given the opportunity of being repatriated in 1946. Akin in outlook and upbringing to the indigenous population, they find no difficulty in becoming quickly assimilated.

The Malay population is settled chiefly in the Sipitang District on Brunei Bay, and at Papar in the Jesselton District where they are employed almost exclusively in fishing. They are the descendants of a small number who came to this area when the Sultan of Brunei enjoyed sovereignty over a part of the west coast of North Borneo.

Strongly Mohammedan in religion, they rarely inter-marry with other races.

Finally, there is a number of smaller tribes, such as Bisayas and Orang Sungei, many of whom have ethnic associations with the larger native races. A few Indians, originally employed in the Constabulary, have formed small settlements and many of these have become dairy farmers in the vicinity of the principal towns. It will be seen, therefore, that the Colony's population is made up of a large diversity of races speaking a variety of different languages. It is for this reason that Malay has become the *lingua franca* of the country and is spoken by the vast majority of its inhabitants.

CHAPTER 2—OCCUPATION, WAGES, LABOUR ORGANISATION.

Manpower:

Most of the indigenous natives of the Colony are engaged in self-sufficient agricultural pursuits and traditionally have shown little interest in working for wages. In view of this the native labour employed on estates and in industrial concerns is largely seasonal and considerable numbers return to their villages bi-annually for the planting and harvesting of the padi crop. Nevertheless, there is a tendency for wage-earning to become more habitual, and native labourers now exceed in numbers the immigrant Chinese and Javanese workers who came to the Colony before the last war, as will be seen from the following table:—

Labourers Employed by Employers of 20 or more Labourers.

			Chinese	Javanese	Natives	Others	Total
At 2nd Qr. 1941	..	..	8012	2334	8348	821	19,515
At 1st Qr. 1947	..	..	3438	1932	7207	186	12,763
At 4th Qr. 1948	..	..	4440	2135	10384	534	17,493
Inc. 1st Qr. 1947	..	..			
to 4th Qr. 1948	..	..	1002	203	3177	348	4,730
This increase as							
% of total inc.	..	..	21.2%	4.3%	67.1%	7.4%	100%

In a Colony such as this, with its large programme of work for rehabilitation and development, the question of labour is one of vital importance. The figures given above are, therefore, of considerable interest. It is apparent that there is still some leeway to be made up before the labour strength even reaches the level prevailing immediately before the Japanese occupation. It is worth while noting the reasons for this. The principal decrease is to be found in the numbers of Chinese employed, and these labourers come principally

from the agricultural community who are rarely content to remain wage-earners if they can find the means of becoming independent producers. During the Japanese occupation everyone who could took to the land and many of these came from the ranks of the pre-war Chinese labourers. They have remained there, either on their own land or as squatters. A second cause for the decrease is the heavy toll which forced labour and starvation took from this class during the occupation, when many died premature deaths.

Occupation:

The 17,493 labourers employed at 31st December, 1948, are divided into the following occupational groups:—

Distribution of Labour by Industries.

	Places of Employment	NUMBER OF EMPLOYEES.				
		Chinese	Javanese	Natives	Others	Total
Estates	55	1544	1716	5386	346	8992
Industry & Commerce	31	1903	232	2372	131	4638
Government Depts. ..	59	993	187	2626	57	3863
Totals	145	4440	2135	10384	534	17493

Estates, which comprise the largest of the three groups in this table, are engaged in the production of rubber, coconuts, wrapper-leaf tobacco, and manila hemp.

Where the smaller agricultural employers are concerned, accurate information is lacking, but the following table gives an over-all picture of estimated employment in the main agricultural primary industries upon which, to a very great extent, the economy of the Colony depends:—

Type of Cultivation.	No. of Undertakings at 30.9.48.	No. of Workers (est. to nearest round figure).
Rubber:		
Registered employers	49*	6800
Smallholdings (estimated)	6500	15000, † 21,800
Coconuts:		
Registered employers	4	200
Smallholdings (estimated)	820	4000 † 4,200
Tobacco:		
Registered employers	1	1400 1,400
Hemp:		
Registered employers	1	800 800
Total (Estimated)	7400	28,200

* Includes 3 combined rubber and coconut estates.

† Estimated figure; includes families of owners, and may well be an under-estimate.

Industrial and Commercial Undertakings:

Undertakings employing 20 or more wage-earners classified under the heading of "Industry and Commerce" provide occupation for the following numbers:—

Type of Undertaking at 30.9.48.	Registered Employers.	No. of Workers.
Timber-logging, saw-mills, cutch extracting, etc.	8	3,075
Wholesale trading, warehouse work, stevedoring, etc.	10	649
Building and other contracting ..	4	141
Others	6	487
Total ..	28	4,352

Shortage of Labour:

As mentioned earlier the labour strength in the Colony is still considerably below the pre-war levels. It is uncertain how long the increases already observed will continue, and what the ultimate requirements of the Colony will be. The estates, which are mainly rubber-producing, are the largest employers and all are in need of additional labour. The present uncertainty of the rubber market, however, makes it doubtful whether any expansion beyond pre-war levels can be expected. It should also be borne in mind that the present heavy demand is largely for rehabilitation purposes and consequently will be a relatively short-term demand. On the other hand the Government's policy of long-term development of the territory will require a steady labour supply for public works for many years to come, while the agricultural, commercial and industrial developments planned will greatly increase this demand. All these factors render the problem of securing additional labour an urgent one, and the question of importing labour from sources outside the Colony continues to engage the attention of Government.

Immigrant Labour:

The disturbed political conditions throughout the Far East have severely restricted the free movement of migrant labour. A ban on all recruiting imposed in mid-1948 by the Government of the Netherlands East Indies stopped negotiations then in progress for obtaining labour from Java. Indian immigrants cannot be brought from Singapore owing to the prohibition in the labour laws of that Colony, while recruitment from China and Hong Kong is fraught with problems of a political order. Nevertheless, entry permits averaging 41 a month were granted during the latter half of 1948 for working-class immigrants from Hong Kong and China, whose entry was sponsored individually by established Chinese landowners and merchants resident in the Colony.

Wages and Earnings:

Wage levels vary throughout the Colony and it is a matter of some difficulty to make generalised statements about wage rates for particular occupations. Road and rail communication between the various centres of the Colony are largely undeveloped and rates are found to vary from district to district for the same type of work, and there is similar variation in the margin between skilled and semi-skilled workmen. Further complications arise from the fact that most agricultural work is performed on piece rates, so that earnings differ from man to man, and from time to time. In general terms, however, it may be said that unskilled workers earn up to \$2.00 a day, semi-skilled workers up to \$3.50 a day, and skilled workers up to \$5.00 a day, the average for each group being from half to three quarters of these figures.

Employment in industrial concerns is based, usually, on a six-day week, but in estates the general practice is to pay wages once a month, with a mid-month cash advance. There is a growing tendency towards exploitation of the labour shortage by workers who ask for advances before engaging, and from time to time allegations are made that many labourers habitually change their employment, leaving comparatively large sums owing against these advances. A system of weekly payment might render advances less necessary, but the remoteness of many estates and the lack of banking facilities away from the two main towns tends to make this difficult in practice.

The Cost of Living:

It has not been found possible to produce any accurate index of the cost of living, and indeed the existence of several standards of living corresponding to the racial divisions of the population would make this an undertaking of some complexity. There is ample evidence, however, that the cost of living has increased to some three times its pre-war level for, generally speaking, a slightly lower standard of life. On the other hand, one large group, the rice-producing agriculturalists, enjoy a very much higher standard of living, as it is able to sell its surplus rice locally at 8 or 9 times the pre-war price, owing to the prevailing high world price for this commodity.

Prices of the principal local food products varied as follows between December 31st, 1947 and December 31st, 1948:—

	1947	1948
Rice—per gantang (8 lb.)	\$2.40	\$2.20
Sweet Potatoes (per kati, 1-1/3 lb.)	.06	.10
Chicken—per kati	1.60	1.70
Eggs, each .. ..	.12	.15
Beef, per kati .. ..	.60	.80
Pork, per kati	1.20	1.40
Fresh Fish, per kati .. ..	.60	.80
Salt Fish, per kati .. ..	.70	.70
Sugar, per kati .. ..	.40	.40
Coffee, per kati	1.10	.85
Coconut Oil, per kati .. ..	.45	.50

The repercussions of the increase in the cost of living are a matter of public concern, and a Commission of Enquiry was engaged at the end of the year in examining the question. The Commission published its findings early in 1949. It found that the high cost was due to the following factors:—

- (a) **The high cost of imported rice.** In addition the price of locally-produced rice is in relation to imported rice, and as this cereal is the staple diet of the vast majority of the population it follows that prices of other commodities are closely affected and correspondingly high.
- (b) **The inadequacy of local production** in all spheres and the absence of modern methods of control of the means of production, distribution and exchange.
- (c) **The insecurity felt by the trading community** owing to the temporary nature of their present buildings coupled with the fact that they are unable to effect insurance cover over such buildings. This factor has engendered a general policy on the part of traders to recoup themselves in advance for the added expenditure resulting from possible losses caused by these conditions.
- (d) **High world market prices**, which are aggravated in the case of North Borneo by the fact that the bulk of the Colony's purchases are made through Singapore, thus resulting in heavy additional costs in respect of such items as transhipment charges, extra freight, agent's commissions and the like.
- (e) **The amoral outlook prevalent among retail traders** which was originally engendered by black market dealings caused by the general shortage of consumer goods after the liberation.
- (f) **The failure of price control** and the lack of published price lists or price tags.
- (g) **Too generous credit** without normal security extended by banks, thus permitting traders to hold excessive stocks and still maintain high prices as they were not primarily concerned with a quick turnover.
- (h) The considerable amount of **illegal money-lending** at exorbitant rates of interest, which resulted in equally exorbitant prices to enable the borrowers to repay their loans.
- (i) **The high cost of cargo handling and transport.**

As a short-term policy, recommendations were made for:—

- (a) The re-introduction of price control over a wide range of commodities.
- (b) The enforcement of the Rent Control Ordinance of 1947.
- (c) The regular inspection of weights and measures.

- (d) An inspection of all money-lenders' registers and an investigation into the activities of unlicensed money-lenders.
- (e) Direct Government control of the marketing and distribution of the rice crop and of its milling.
- (f) The payment of wages weekly instead of monthly to persons in the lower income bracket.
- (g) The planning of the commercial areas of the Colony's towns to be completed as expeditiously as possible to enable permanent buildings to be erected.

As a long-term policy, the principal recommendations were:—

- (a) The development of modern methods of production, marketing and distribution.
- (b) Improved communications.
- (c) Improved agricultural methods, and the wide introduction of agricultural machinery to permit more intensive cultivation of existing land.
- (d) The mechanised cultivation of rice in selected areas.
- (e) Comprehensive planning in such fields as fishing, stock breeding, dairy farming, pig farming and poultry breeding.
- (f) The introduction of a metric system of weights and measures which would key-in with the Colony's currency.

Government had already taken action to implement some of these recommendations, of which the most important is the purchase of the surplus padi harvest and the control of milling. It is expected that these steps will render possible a considerable decrease in the price of rice to the consumer. In addition, a system of price-tags has been introduced and the Public Works Department and the North Borneo Railways are paying their employees weekly and in small denomination currency. Other recommendations are receiving serious consideration by Government, and it is to be expected that further measures to combat high prices will be introduced in the near future.

Labour Department:

The Department of Immigration and Labour (which also deals with Chinese affairs, registration of Societies and Poor Law administration) carries three administrative officers on its approved establishment. In addition there is one Chinese Assistant Officer. All District Officers officiate as Assistant Protectors of Labour for their respective districts where they carry out routine inspections of places of labour employing 20 labourers or more.

Trade Unions and Trade Disputes:

During the year, there was no marked change in the state of trade unionism, which is still in its infancy in the Colony. Neither was there any trade dispute of sufficient moment to attract public

attention. Trade unionism must inevitably develop, but owing to the illiteracy which prevails among the majority of workers, the small extent of wage-earning employment, and the absence of the competitive economic incentives which characterise more highly industrialised communities, the organisation of labour on modern trade union lines is unlikely to be rapid. Nevertheless, the fostering of responsible trade unionism is accepted as a duty of Government as the best long-term means of ensuring industrial peace, and of mitigating the effects of the changes which are inseparable from industrialisation.

Legislation:

Prior to the Japanese occupation, under arrangements concluded with the Government of the Netherlands East Indies, Java provided the source from which the industrial labour resources of the territory were supplemented from time to time. As a consequence the provisions of the Labour Ordinance, 1936, dealing with the recruiting and employment of immigrant labour were framed to implement these specific arrangements. In the disturbed conditions of post-war South East Asia, however, it became necessary to look farther afield than Java for potential sources from which to supplement the Colony's depleted labour resources and as a result the Labour (Unification and Amendment) Ordinance, 1948, was enacted. This legislation applies within the Colony the principles of the International Labour Conventions governing the recruitment and employment of the dependant indigenous workers of one territory brought to another which are contained in the Recruiting of Indigenous Workers Convention 1936 (No. 50), and the Contracts of Employment (Indigenous Workers) Conventions, 1939, and 1947 (Nos. 64 and 86). The former Convention had previously been applied only to the local recruitment of workers within the territory. The two latter, which lay down the conditions under which written contracts to labour may be validly entered into for periods extending to three years, had not previously been applied at all, as following the abolition of indentured labour in 1932, verbal monthly contracts had become established as the basis of employment of all labour in the territory. The 1948 amending Ordinance was directed, therefore, to the smoothing out of difficulties in the way of the importation of labour for post-war rehabilitation and development, but it represents only one step in the over-all revision of the Colony's labour legislation which is being undertaken. Specific legislation also in course of preparation during the year was concerned with the introduction of Workmen's Compensation and with improving the Trade Unions and Trade Disputes Ordinance 1947, including the addition of provisions for Conciliation and Arbitration.

The International Labour Organisation:

Of the 28 International Labour Conventions which have been ratified by His Majesty's Government and applied to the Colonies under Article 35 of the Constitution of the Organisation, the following 13 have been applied to North Borneo without modification:—

- No. 5 Minimum age (Industry) (1919).
- No. 6 Night work (Young Persons) (Industry) (1919).
- No. 7 Minimum age (Sea) (1920).
- No. 8 Unemployment Indemnity (Shipwreck) (1920).
- No. 11 Right of Association (Agriculture) (1921).

- No. 15 Minimum age (Trimmers and Stokers) (1921).
 No. 16 Medical Examination of Young Persons (Sea) (1921).
 No. 26 Minimum wage-fixing machinery (1928).
 No. 29 Forced Labour (1930).
 No. 41 Night work (Women) (revised) (1934).
 No. 50 Recruiting of Indigenous Workers (1936).
 No. 64 Contracts of Employment (Indigenous Workers) (1939).
 No. 65 Penal Sanctions (Indigenous Workers) (1939).

Of the remainder, twelve are inapplicable to local conditions in the present stage of development of the Colony, and decision has been reserved in respect of the remaining three. The former comprise, generally, those Conventions framed to cope with the specialised problems of highly industrialised Western countries, as for example, the Conventions relating to unemployment and to hours of work in the Sheet Glass industry. The latter all relate to Workmen's Compensation, and decision has been reserved on their application pending the enactment of legislation on that subject, which is at present under consideration.

CHAPTER 3—PUBLIC FINANCE AND TAXATION.

General:

The destruction suffered by North Borneo during the war has been mentioned earlier, but it is desirable to refer again to it here as it is against this background that the financial situation must be reviewed.

At the time of compiling this report the Colony's accounts for 1948 had not been finally closed. The figures, therefore, are provisional only and subject to correction.

In 1948 local revenue was again in excess of recurrent expenditure and a surplus of over \$2,000,000 was available to help defray the cost of special and extraordinary expenditure on reconstruction and development. In addition to this sum His Majesty's Government provided Grants-in-Aid totalling \$5,785,714 during the year. It should be borne in mind that the Colony's financial year, which ends on 31st December, does not correspond with the United Kingdom's financial year, which ends some three months later, and allowance must be made for this in considering the following figures.

Revenue and Expenditure:

The following shows the over-all position:—

	Ordinary Revenue (excluding Grants -in-Aid & C.D. & W. Grants).	Ordinary Expenditure.	Special & Extraordinary Expenditure.	Deficit.
	\$	\$	\$	\$
15.7.46 to 31.12.46 ..	1,833,259 (a)	1,623,949	926,748	717,438
1.1.47 to 31.12.47 ..	7,171,068 (a)	4,979,071	6,940,297*	4,748,300
1.1.48 to 31.12.48 ...	7,995,315 (b)	5,693,697	5,033,366	2,731,848

(a) includes Railway revenue.

(b) excludes Railway revenue.

* This figure includes \$2,591,078 in respect of redemption of pre-war B.N.B. Chartered Company currency.

Expenditure:

The principal divisions of expenditure in 1946 (July-December only), 1947, and 1948 (subject to adjustment) were:—

	Personal Emoluments.	Other charges Annually Recurrent.	Special & Extraordinary Expenditure.	Total.
	\$	\$	\$	\$
1946 (July to December)	819,048	804,901	926,748	2,550,697
1947	2,123,058	2,856,013	6,940,297	11,919,368
1948	2,395,683	3,298,014	5,033,366	10,727,063

Special and Extraordinary Expenditure was used chiefly for the extensive requirements of reconstruction.

Taxation:

The principal revenue items for the three periods were as follows, the 1948 figures being again subject to adjustment.

	1946 July-Dec. \$	1947 \$	1948 \$
Customs	1,216,875	4,590,443	5,289,055
Lands	55,564	655,909	567,456
Posts	129,357	208,579	525,833
Telecommunications	58,892	155,869	193,646
Railways (a)	149,432	394,012	(b) 29,358
Miscellaneous	223,139	541,178	391,526
Forests	—	125,078	213,147
Licences & Internal Revenue ..	—	209,010	288,166
Class II Fees & Municipal ..	—	290,990	497,028
	<u>1,833,259</u>	<u>7,171,068</u>	<u>7,995,215</u>

(a) Total railway revenue.

(b) Nett railway revenue after deducting ordinary expenditure.

From this it will be seen that the basis of taxation is indirect. During the year revenue was increased by raising fees and taxes payable under the provisions of a number of Ordinances.

At a meeting of Advisory Council held on the 15th December, 1948, the Governor announced additional taxation measures which included Income Tax and Trading Licences. In regard to the former it is proposed that a comprehensive Ordinance should be passed but that it should not be applied to individuals immediately owing to the need to build up the requisite staff and machinery for collection. In the first instance it will, in effect, be a Profits Tax. At present a number of Companies which operate in North Borneo pay taxation on their profits earned in the Colony to the United Kingdom Treasury. By introducing the Income Tax Ordinance they will qualify under the Double Income Tax exemption agreement and, therefore, these con-

cerns will not pay increased taxation, but taxation which is derived from profits made in North Borneo will be paid into the Colony's exchequer.

Trading Licences will require to be taken out by Companies and persons engaged in trade. While this measure will to a certain extent be revenue producing, its principal object is to exercise some control over trade in the Colony. It is felt there are too many shops with the result that prices remain high, and persons who would be more usefully engaged in production, are wasting their time eking out a living in petty trading.

It has also been decided that charges for such public services as railways, harbours, telephones, electricity, water and the like should be raised. These increases, some of which have been brought into effect, are not being introduced as a means of increasing revenue but in order to ensure that the services concerned pay for themselves and are not operated at a loss.

Customs and Export Duties:

There is a general customs tariff for all articles entering the Colony. The highest import duty charged is on motor vehicles and accessories, 30% *ad valorem*; perfumery and cosmetics pay 25% and also electric lamps; machinery, manufactured goods, textiles and clothing carry duties ranging from 10% to 15%; but in most cases there are preferential rates for articles originating wholly or partly within the British Empire. Duty on intoxicating liquors ranges from \$30 a gallon on brandy, whisky, gin and some other spirits to \$1.20 a gallon on beer, ale and stout. Cigars carry a duty of \$7 per lb; tobacco varies from \$2.50 to \$4.50 per lb, and cigarettes from \$10 to \$12 per 1,000.

The highest rates of export duty are charged on turtles, at 20%, and cultured pearls, at 15% *ad valorem*. Agricultural products generally carry duties ranging from 5% to 15%. The export duty on rubber is ¼ cent per lb. plus 5% *ad valorem*.

CHAPTER 4—CURRENCY AND BANKING.

Currency:

The currency in circulation in North Borneo consists of the pre-war notes and coins issued by the Chartered Company, and Malayan currency. The Chartered Company notes and coins remain legal tender but, when handed in to Banks or Treasuries, are not re-issued but redeemed at their face value for Malayan currency. Malayan currency was introduced by the British Military Administration immediately after the liberation of the territory, and today little Chartered Company currency remains in circulation, and the normal medium of exchange is the Malayan dollar at 2s 4d sterling. In this connection it is relevant to add that the Colony has made application to join the Malayan Currency Board. The buying and selling rates

of the dollar fluctuate slightly in accordance with the Singapore market. It is estimated that in 1948 about \$7,000,000 Malayan Currency was in circulation in North Borneo.

The Malayan dollar is rather awkward to convert readily into pounds sterling, but the following approximate methods may be of assistance:

- (a) dollars a month $\times 7/5$ = pounds a year.
- (b) dollars into pounds; divide by 10 and add one-sixth to the resultant figure.
- (c) nine dollars = 1 guinea.

Banking:

Two banks are operating in the Colony, the Chartered Bank of India, Australia and China, and the Hongkong & Shanghai Banking Corporation. Both have branches at Jesselton and Sandakan, while the Hongkong Bank also has a branch at Tawau. Agency facilities are provided at Labuan.

CHAPTER 5—COMMERCE.

Both the value of imports and exports for the year 1948 showed a marked increase, especially the value of exports. For the first time in the post-war period there is a favourable balance of trade, as is shown in the following table:

Year.	In thousands of dollars:		Total.
	Imports.	Exports.	
1935	5,086	8,155	13,241
1936	5,281	9,476	14,757
1937	6,828	14,767	21,595
1938	6,356	9,765	16,121
1939	6,500	13,453	19,953
1940	9,978	20,270	30,248
1941-1946	Not available		
1947	20,472	16,933	37,405
1948	25,419	29,742*	55,161

* In all probability the true figures for exports are considerably greater than those shown, as the values given for timber, tobacco, manila hemp and some other commodities are nominal and subject to adjustment when the sale price is known.

It is probable that the final figures will show exports valued at about £4,000,000 sterling.

There is also a certain amount of uncontrolled trade carried on along the East Coast of the Colony, while the port of Labuan carries on a substantial transit trade with the other territories in the Brunei Bay area, including the 5th Division of the Colony of Sarawak and the Seria oilfields in the State of Brunei, estimated in 1948 at \$15,000,000.

Imports:

The main imports for the year were rice, provisions, textiles and apparel, tobacco and sundries. Comparative figures for 1939, 1940, 1947 and 1948 are given in the following tables:—

In thousands of dollars:

	In order of value.	1939	In order of value.	1940	In order of value.	1947	In order of value.	1948
Rice ..	(1)	1,038	(1)	1,452	(2)	2,960	(1)	4,282
Provisions ..	(2)	812	(3)	998	(1)	3,606	(2)	3,557
Textiles and Apparel ..	(3)	783	(2)	1,201	(3)	2,827	(3)	2,824
Tobacco, Cigars, Cigarettes ..	(4)	446	(6)	413	(4)	1,879	(4)	2,438
Ironware ..	(5)	431	(4)	670		—		—
Sundries ..	(6)	372	(5)	598	(5)	451	(5)	478

Note.—Figures for the years 1941—1946 are not available.

Exports:

The main exports for the year 1948 and comparative figures for 1940 and 1947 are as follows:—

	In order of value.	1940 Million \$	In order of value.	1947 Million \$	In order of value.	1948 Million \$
Rubber ..	(1)	14.50	(1)	11.25	(1)	18.50
Timber ..	(2)	2.20	(2)	1.50	(2)	3.00
Cutch ..	(3)	.65		—	(5)	.50
Hemp ..	(4)	.55	(4)	.50	(6)	.50
Dried & Salt Fish	(5)	.55	(5)	.50	(7)	.50
Tobacco ..	(6)	.45		—	(4)	1.50
Firewood ..	(7)	.40	(6)	.25	(8)	.25
Copra ..	(8)	.30	(3)	.50	(3)	1.70

Note.—Figures for 1941—1946 are not available.

Sources and Destinations of Goods:

It was not possible to determine accurately the ultimate destination of all the Colony's exports, a considerable proportion of which went to Hong Kong and Singapore for transshipment elsewhere. Sources of imports were also difficult to gauge owing to transshipment en route, but the estimated figures are as follows:—

IMPORTS FROM		EXPORTS TO	
Australia	25%	Rubber.	
United Kingdom	20%	Singapore	50%
Europe	18%	United Kingdom	25%
Siam	10%	Europe	15%
Asia	10%	U.S.A.	10%
Philippines	8%	Coconut Produce.	
Hong Kong	5%	United Kingdom	30%
Canada	2%	Hong Kong	35%
U.S.A.	1%	Singapore	35%
		Timber.	
		Hong Kong	35%
		Australia	30%
		China	20%
		United Kingdom	13%
		Dutch Borneo	} 2%
		South Africa	
		New Zealand	
		Philippines	
		Hemp.	
		United Kingdom	100%
		Cutch.	
		U.S.A.	91.21%
		United Kingdom	.44%
		China	.01%
		Japan	8.34%

Control of Imports:

In order to conserve foreign exchange and to regulate the import of certain commodities, a licence from the Commissioner of Customs and Excise must be obtained for all controlled commodities. The Customs Department is responsible for ensuring that the conditions contained in these licences are observed, and for the disposal of unlicensed goods seized for contravention of the control regulations.

Control of Exports:

The export of certain goods is also prohibited except under a licence issued by the Commissioner. In all, there are 14 items listed in the Schedule, which comprise such commodities as are vital to the

economy of the Colony and are in short supply throughout the world. The Customs Department is responsible for enforcing the prohibition.

General:

The greatly expanded figure for the export trade, which is the most noteworthy feature in 1948, is due to two factors, the good prices we have enjoyed for many of our commodities and the manner in which the Colony is successfully overcoming the ravages of war. Not only have the values of the Colony's exportable commodities increased, but what is more important so have the quantities available for export. In view of the general shortage of labour this is a remarkable achievement.

CHAPTER 6—PRODUCTION.

The primary products of North Borneo apart from timber are mainly agricultural, among the more important being rubber, manila hemp, tobacco, coconuts, rice and sago. With the exception of rice, there is an exportable surplus of each of these commodities, with rubber as the greatest revenue producer.

Investigations are being made into the mineral resources of the Colony, which at present are entirely undeveloped.

Local industries include the manufacture of coconut and ground-nut oil, rice-milling for local consumption, salting and drying of fish, timber milling and pottery making. Most of these industries are still in the development stage and are capable of considerable expansion and improvement.

AGRICULTURE.

During the year 1948 the previous Drainage and Irrigation and Fisheries branches of the Agricultural Department were established as separate departments, but Veterinary Services still remained a branch of the department. Throughout the year the principal objective continued to be increased food production with rice the chief target. Combined with an excellent season for 1947/48 and the prospect of an equally good harvest from the 1948/49 crop the position may be considered reasonably satisfactory. It is estimated that the harvest of local rice this year will be sufficient to feed 2 out of every 3 of the population. Self-sufficiency in rice production, however, cannot be obtained unless additional areas are cultivated.

In addition to increased production of rice for local consumption, continued efforts have been made to encourage the rehabilitation of rubber and coconut small holdings and to increase the number of pigs and cattle available for export.

Types of Crops Grown:

The principal crops grown for local consumption are rice, sago, coconuts, coffee, tapioca, maize, groundnuts, bananas, sugar cane and various types of fruit and vegetables. With the exception of rice and coffee these are produced in sufficient quantities to meet demand, but there is room for considerable improvement in the quality of local fruits.

The principal export crops are rubber, copra and coconut oil, manila hemp, tobacco and sago.

Rice:

No reliable pre-war statistics are available but it is possible to estimate acreages and yields from pre-war returns. There are indications that past returns for total yields are under-estimates, in particular those for wet padi production. In a normal season these have been said to be in the vicinity of 150 gantangs (900 lb) of padi per acre. A number of crop-cutting tests undertaken during the 1947/48 harvest gave very much higher returns, but the number of such tests it was possible to make was insufficient to permit the calculation of general average yields.

The total planted area has been placed at approximately 90,000 acres of which a little less than 50,000 acres is wet padi. During an average season this should yield at least 22,000 tons of rice which is about half our total requirements. In the present season it is estimated that the harvest will produce 30,000 tons of rice or roughly two thirds of the amount required to feed the whole population.

It is emphasised that it is the Colony's aim to be self-sufficient in rice at the earliest possible date. This is a profound change from pre-war policy which was that labour should be attracted away from rice cultivation in view of the availability and cheapness of rice in the world market.

In order to achieve self-sufficiency there are four principal objectives to attain. These are:—

- (a) To improve existing areas under wet padi cultivation by the introduction of drainage and irrigation over wide areas, thus ensuring the population do not remain at the mercies of the vagaries of climate. This should result not only in an increased yield per acre, but should enable additional nearby land, for which there are cultivators available, to be brought under production.
- (b) To introduce improved seed, improved methods of cultivation and increased pest control.
- (c) To encourage employers of labour to cultivate sufficient wet padi to feed their labour forces.
- (d) To investigate the possibilities of mechanised cultivation. Enquiries into this question are now being undertaken.

Rubber:

The rehabilitation of the larger estates, and to a lesser extent of small-holdings, has continued throughout the year. Production exceeded 20,000 tons which represents a 25% increase over 1947 production. No appreciable increase in planted acreages has been effected. The total area under cultivation is estimated to be in the neighbourhood of 125,000 acres, of which more than half is owned by small holders. Of the total area, including that under European management, only a small portion is under approved high-yielding clones. The competition resulting from the production of synthetic rubber promises the Colony's rubber industry a difficult future unless early action is taken to encourage the replacement of existing low-yielding areas with high-yielding materials on the largest possible scale. The larger European estates are alive to the problem, but in the case of small-holders difficulties arise which are not encountered by the estates, at any rate to the same extent. Of these one of the most important is the loss of income for some six or seven years until replanted areas come into production. The problem is one that must be solved and it is engaging the active attention of Government. The urgent need to produce rubber of a higher quality to enable it to compete successfully with synthetic is also being borne in mind.

Coconuts:

Past returns have given a total planted area of 53,000 acres of which 44,000 acres were said to be situated on the East Coast and in the Marudu Bay area. No new plantings have taken place for many years, not indeed since those halcyon days when coconuts were known as the 'consols of the East', and a recent check has revealed that the acreage figures given (which probably were based on areas leased for coconuts) were very much in excess of actual plantings. These are now placed at little more than 35,000 acres.

In the early part of the year rehabilitation was severely retarded by a number of factors, of which the more important were the lack of direct shipping to world markets which resulted in heavy additional freight and handling charges which had to be borne by the producer, and the destination control on export. With the raising of this control, in the latter half of 1948, prices have shown a very considerable advance and there has been a marked inclination to attain maximum production. Large areas which had been neglected have been brought back into production and by the close of the year output showed an increase of 100% on 1947 figures. Smuggling also died down and as a result the export of copra during the four months September/December 1948 exceeded the total exports for the whole of 1947.

The methods used for the extraction of coconut oil are still primitive and the extraction rate seldom exceeds 40% as opposed to a figure of 60% obtained by modern methods. Apart from the loss occasioned by inefficient milling, the *punak* (copra residue) obtained as a by-product contains an excess of oil. This *punak* is an important feeding stuff for pigs and the presence of extra oil militates against successful pig production where the market demands a lean carcase which cannot be obtained with such a diet.

Sago:

The total area under sago is estimated to be 14,000 acres which is sufficient to meet local requirements and provide a substantial surplus for export. Apart from the needs for local consumption no considerable effort has been made to step up output because of poor and fluctuating local prices. Only one of the seven pre-war factories escaped complete destruction. This one is now back in production on a reduced scale.

Manila Hemp:

The cultivation of this crop is confined to an area of volcanic soil on the East Coast. Production from the ex-Japanese estates continued at a reduced rate throughout the year, but it is likely to improve again shortly as it has recently been taken over by the Colonial Development Corporation and is likely to be operated in future on a sounder basis.

Tobacco:

There is only one estate in the Colony producing high grade cigar-wrapper leaf. Rehabilitation has been completed and the planted acreage extended with prospects of further expansion in the future, provided the difficult position caused by labour shortage can be overcome.

Native production satisfies local demand and provides a small surplus for export. The product is capable of considerable improvement both in the methods of its culture and its preparation. The crop is grown chiefly on the steep mountain sides of the foothills of Kinabalu and is carried down each year by the native producers to the Chinese middlemen at Kota Belud and Tuaran.

Food and Other Minor Crops:

The drive to increase food production generally, apart from rice, has encountered a number of difficulties. Of these the principal is the disinclination of either natives of the country or Chinese to use substitutes. Now that rice is obtainable in reasonable quantities, even though only at a relatively high price, there is no demand for cheaper alternative foodstuffs. Attempts to obtain an increase of green vegetables have met with some small success, but there is still a lack of variety and the demand from natives is not great.

Other crops of local importance include coffee and kapok, the cultivation of which is entirely in the hands of the peasant farmers. Various types of fruit, such as papaya, bananas, mangoes, durians, mangosteen, pineapples and oranges are grown, but the quantities available are limited, prices are high, and in general the quality is poor.

Limiting Factors to Agricultural Development:

The shortage of labour and its high cost, combined to some extent with the lack of equipment, has slowed up the process of rehabilitation and interfered with the opening up of new land, whilst the lack of communications limits any considerable extension of cultivation owing to the prohibitive cost of transportation, but future development plans envisage a considerable increase in immigrant labour and the construction of a number of roads giving access to potentially important agricultural areas.

Agricultural and Padi Experimental Station:

A small agricultural station at Labuan has been re-opened and maintained with the principal object of supplying good quality planting material to the proposed Central Agricultural Research Station.

Land has been secured for the establishment of a Central Padi Research Station. Satisfactory results have been obtained from some imported high yielding strains and during the coming season further trials will be undertaken and selection work commenced on some of the more promising local types.

A Rubber Seedling Nursery was established preparatory to the erection of a Rubber Clonal Seed Nursery for which funds have now been provided.

Agricultural Pests and Disease:

Wild pig have continued to be the most serious pest. The damage these animals do is widespread and serious. A limited number of shot guns and ammunition have been made available which have assisted to some extent in the control of this pest. Rats caused some damage to padi, but poison has been supplied whenever requested.

Leptocoista Acuta, and *Stem Borers* have caused some slight damage to standing padi crops; the former more especially among the smaller early-planted areas. Locusts have been almost completely absent during the year.

Livestock:

Although the numbers of livestock were seriously depleted during the war years, the present position appears to be not unfavourable and census figures indicate that in most districts the herds are well on their way to being re-established. In some cases they already exceed pre-war figures. This may be attributed largely to restrictions placed both on export and slaughter.

An outbreak of 'surra' occurred in the Kota Belud district on the West Coast, but at the close of the year was well under control. This disease the parasites of which are indistinguishable from *Trypanosoma evansi*, is, if left untreated, fatal to ponies. Treatment, both curative and prophylactic, was carried out with Naganol and Antrypol, and satisfactory results were obtained.

Several outbreaks of disease amongst poultry have occurred, but as a rule reports are received after the outbreaks have subsided. It has not been possible definitely to diagnose the disease, but in most cases it is believed to have been Newcastle Disease, although the possibility of Fowl Plague is not ruled out.

To improve the pony stock Government imported two stallions from Australia during the year. They appear not to have adapted themselves as yet to their new surroundings. Although they keep quite fit they have not attempted to serve any of the local mares, though both were proved sires in Australia.

FORESTS.

Timber:

The demand for timber remained strong and timber companies produced to the limit of their abilities. During 1948 approximately 5,758,000 cubic feet of timber were produced of which 3,306,862 cubic feet with a nominal value of \$2,729,117 were exported. Conditions as regards machinery improved towards the end of 1948 as orders long since placed began to come forward.

As has always been the case, exports of timber in 1948 were mainly in log form which is generally preferred by North Borneo exporters. With the delivery and installation of new machinery and replacements the percentage of converted timber exported is likely to increase slightly but local timber companies on the whole regard the production and export of logs as being their main business. This policy is not one that is conducive to the establishment of a permanent timber industry in the Colony although it is profitable to the exporters and involves the minimum of trouble and risk.

Owing to political troubles in China exports of timber to Hong Kong fell away to 905,931 cubic feet. Most of the soft hardwood timber exported to Hong Kong from North Borneo is re-exported to China.

The Australian market absorbed some 1,036,487 cubic feet with a nominal value of \$745,292 during 1948 and became the most important market for North Borneo timbers. The quantity of timber exported to Australia in 1948 considerably exceeds the quantity exported to that country from North Borneo in any previous year.

Despite political unrest in China, Shanghai took 613,772 cubic feet of log timber.

The United Kingdom demand remained firm and exports of logs and converted timber amounted to 580,055 cubic feet.

The demand for peeler logs from South Africa improved and 113,672 cubic feet were exported to that Dominion.

The negotiations with the Supreme Commander of the Allied Powers in Japan begun in 1947, finally resulted in the shipment of 50,692 cubic feet of peeler logs to Japan.

The local demand for lumber was mainly filled by the smaller Chinese-owned mills as the two European-owned mills endeavoured to accumulate seasoned stocks of converted timber for their own use for rebuilding bungalows for staff, housing for labourers, drying sheds, etc. Little or no seasoned timber was available during the year and there is little hope of it being ready for delivery much before mid-1949.

Minor Forest Produce.

The European-owned company manufacturing catch (mangrove extract) stepped up its production nearly seven-fold (48,352 cwt) during 1948. This undertaking is of considerable importance at the present time as it earns dollars, the greater part of the finished product being sold direct to the United States.

The development of direct exports of cleaned and graded copal to the United Kingdom was continued and prices received were reasonably profitable. Unfortunately it was not possible to conclude forward contracts and in consequence exporters carried the risk of a fall in price whilst shipments were on the high seas.

There was little or no business in *damar* owing to the very poor demand from London and New York and dealers quoted a very wide margin between buying and selling prices. Efforts were made to secure markets in Canada for this product but synthetic substitutes developed during the war appear to have ousted the natural product from all North American markets.

The re-establishment of pre-war exports of *Jelutong* (used in the manufacture of chewing gum) which gave much promise at the end of 1947 received a serious setback about the middle of 1948 and all production ceased. Although no oxidation showed in any of the shipments of crude *jelutong*, from the fourth shipment onwards the quality seriously deteriorated owing to the incidence of "black gum" although the product had been properly prepared. The final shipment received in New York showed 85% "black gum". "Black gum" is caused by a fungus which attacks the coagulated *jelutong* and results in it becoming gummy, porous and useless for the manufacture of chewing gum. Considerable work has been done in an attempt to eliminate this fungus but with little success. The use of phosphoric acid as a coagulant eliminates the possibility of oxidation, a common defect in *jelutong* pre-war, but if used in high concentration appears to set up an over-concentration of insoluble phosphates on which the "black gum" thrives.

Despite the apparent anxiety of United Kingdom buyers in 1947 to resume imports of good quality general utility rattans in preference to the African rattans, with which they had to "make do" during the war, specifications were difficult and there was no improvement in the prices offered for this product and in consequence exports fell away during the year. There were some enquiries for fancy grades of large diameter rattan from the United States by manufacturers of luxury garden furniture but no business eventuated as native collectors are conservative by nature and the collection of produce, other than that to which they are accustomed, takes time and patience to organise.

There was a fall in the price of edible birds' nests, attributable mainly to the unsettled conditions in China although the quality of the 1948 collection was on the whole not as good as the 1947 collection, and the quantities collected were slightly less than during the previous year. The sale of this produce, however, yielded reasonable profits.

The Hong Kong market for mangrove firewood was very sluggish until the end of the year when cold weather combined with the decrease of firewood supplies from China resulted in a considerable increase in the price offered in Hong Kong. Supplies and prices of firewood in Hong Kong are subject to a good deal of manipulation by dealers there resulting in good profits to the dealers, little or no profit to the North Borneo exporters, and at all times, particularly during the cold weather and during periods of political unrest in China, a

considerable expense to the population of Hong Kong. There was little or no demand for mangrove charcoal in this market and prices remained unprofitable throughout the year.

There is another class of exports, which, while not large, is a source of revenue, and the demand for which is steady. This includes wild animals for zoos, and such items as elephant tusks, dried snakes, and various organs from jungle animals. These latter are directed chiefly to Hong Kong where the Chinese place considerable store on their medicinal qualities.

Conclusion.

The production and export of timber is rapidly regaining its pre-war importance in the general economy of the Colony and, as there is no indication of slackening in the demand for North Borneo timber, production and export in 1949 should equal if not exceed the pre-war maximum.

Minor forest produce is on the whole speculative and, although most types do not deteriorate if stocked, dealers cannot afford to take the risk of carrying large stocks against the possibility of better prices.

FISHERIES.

Although of prime importance in the economy of the Colony it was not until 1948 that North Borneo had a separate Fisheries Department. When plans were drawn up for the rehabilitation and development of the Colony following the cessation of hostilities, it was decided that a survey of the existing fishing industry should be undertaken, and a Fisheries Officer was appointed in February 1947 to work under the aegis of the Director of Agriculture. Shortly after his arrival in the Colony it became apparent that conditions in the industry were such that complete reorganisation was necessary and the establishment of a separate Fisheries Department to undertake the urgently needed organisation and control of the industry was approved. The Department was formed in April 1948, and basic data is being accumulated upon which a programme for the development of the industry can be devised.

The fishing industry is almost entirely controlled by Chinese "Towkays". The greater part of the profits finds its way into the pockets of these people. Under this system the towkays finance the fishermen, both Chinese and native, and get control of the whole catch. The fishermen are bound to the towkays by debt and as a result any desire they may have to experiment with new equipment or new techniques tends to be frustrated by lack of means. It is, therefore, of interest to record the receptivity to modern ideas shown by large numbers of fishermen who are also paying increased attention to the benefits which might accrue from the formation of Fishermen's Co-operative Societies. Needless to say, any move in this direction is looked upon with considerable apprehension by the dealers, whose profits are alleged to range from 50% to 250% according to the quality and quantity of the fish sold.

The fishing vessels of the Colony are almost all propelled by sails and oars, and rarely exceed 50 feet in length. The fishing gear used

by these vessels is primitive and consists almost entirely of simple drift and gill nets and hand lines. The fish they catch form an important item in the diet of the greater part of the population and in addition a valuable trade in dried and salted fish has been established with Hong Kong and Singapore.

Records are being kept of the seasonal occurrence of the more important species in the market landings and attempts are being made to assess the daily market sales. At the present time no proper system exists for the collection of statistics in relation to production or marketing of fish and current compilations are tentative in the extreme, but suggest a daily sale in the Sandakan market, which is the largest in the Colony, of approximately $1\frac{1}{4}$ tons.

The great bulk of the dried fish consumed in the Colony is supplied by the East Coast, and an average of 20 tons per month is shipped from Sandakan to other ports in the Colony. In addition to this quantity recorded in Custom's returns there is a considerable movement of fish from point to point along the coast in the course of normal trading and barter between villages, but no assessment of the quantities handled under these circumstances has yet been possible.

CHAPTER 7—SOCIAL SERVICES.

EDUCATION.

General:

All types of schools have now been organised to conform to a school system which when fully developed will consist of six primary years followed by six secondary years. The marked enthusiasm for education that was a feature of last year's report is unabated and is reflected in the fact that since June 1947 the number of schools of all types has increased from 165 to 193 in June, 1948, whilst the total school population has expanded from 14,052 to 15,852. While this is encouraging there is still a very long way to go as it is estimated that 50,000 children of school-going age remain to be provided for.

Primary Education:

Primary education, which has been re-organised to cover six years, can be considered under four heads:—

- (1) Schools maintained by Government;
- (2) Mission schools aided by block grants;
- (3) Unaided Chinese schools chiefly maintained by local Chinese communities;
- (4) Private and Estate schools.

Government Schools:

All Government schools are in the primary stage in which no fees are charged. These schools comprise 64 primary vernacular schools in which Malay is the medium of instruction, one primary English school in Labuan and one primary Chinese school established in 1916 to serve the needs of the Shantung Chinese Settlement in Jesselton. The total number of pupils in Government schools in October, 1948, was 3,939 compared with 3,602 in October, 1947. Of these only 496 were girls. Efforts are being made to increase the number of women teachers to enable more girls to be taught.

Of the 32 Government schools which existed prior to the war, 15 were totally destroyed and 17 damaged. All these have either been repaired or rebuilt with temporary materials. Many of the present Government school buildings are based on a unit with accommodation for 40 pupils—the greatest number which one teacher could be expected to supervise. A unit is essentially a wooden building (20×30 feet) painted black and white, with an 'atap' or palm-thatch roof, and zinc ridging. There are no windows, but part of the upper half of the side walls could be raised to admit both light and air. The floors and drainage ditches are of concrete. Such units, which are relatively cheap and can be built by village carpenters, have been called the improved "Darau" type. These village schools have an attractive appearance especially if enhanced by a river setting of green lawns, mature trees, flowers-beds and a school garden.

New Government Vernacular Schools were opened during the year at Kimanis, Kinabutan Besar and Kuala Penyu.

The school at Kuala Penyu is of special interest since \$1,052 of the sum required for the new school has been donated by Mr. William Grossman of Robinson, Illinois, U.S.A., as a memorial to his son William, who, as a member of the United States' Air Force, was killed in April, 1945 when his plane crashed at Kuala Penyu. This school will be known as the **Grossman Memorial School** in accordance with the wishes of the donor.

Practical activities in rural schools include gardening, basket-making in rotan and bamboo, toy-making in wood and clay, needle-work and soap-making. School gardens are encouraged wherever possible and close liaison is maintained with the Agricultural Department, which arranges for the supply of locally made tools and the distribution of seed. A large variety of vegetables is grown and a certain amount of fruit.

Aided Mission Schools:

Mission-owned schools are open to fee-paying pupils of all races, and separate schools are usually provided for both boys and girls. Most of the schools are in the primary stage and the majority are English schools on the Malayan model. No Malay is taught, as it is the Missions' policy to introduce English at an early stage with a view to its becoming the medium of instruction as soon as possible. In such schools the pupils are mainly Chinese, but a few Indians, Dusuns, Malays and other races are also included.

A second category of Mission School includes a small number of vernacular schools, usually with one or two classes and a third type includes Chinese schools. These are to be found mainly in the towns and resemble closely the traditional Chinese schools in which Mandarin is used as a medium of instruction, but provision is usually made for the teaching of English as a subject and for religious instruction.

Chinese Schools:

Chinese schools are of two kinds—Public and Private. The Public schools, which comprise the vast majority, are essentially mixed schools established by public enterprise in the larger towns. Most of these are in the primary stage, but before the war four schools had Junior Secondary classes. The Private schools, which numbered 17 before the war, were small mixed schools located in the home of a teacher who in some cases was assisted by his wife. At present there are only five such schools and their number does not appear likely to increase.

Estate and Private Schools:

There are nine private schools with a total enrolment of 210 pupils of which 30 are girls. Seven of these, which for convenience may be termed Estate Schools, were opened on the initiative of European Estate Managers in order to provide a basic primary education for the children of their estate employees, especially the labour force. Three of these schools which are situated in the Tawau and Lahad Datu Districts are essentially Chinese schools, but the four situated in the Beaufort, Jesselton and Tenom districts respectively are Native schools with Malay as the medium of instruction. Two private English schools were open during the year of which the one at Bingkor in the Keningau District is of special interest, in that it may develop into a Native Administration school and qualify for a grant-in-aid.

Post-Primary Education:

- (a) General secondary education with English as the medium of instruction is organised into Junior and Senior Secondary courses—each of three years' duration, so that the complete primary and secondary stages will consist of 12 years of school life beginning at the average age of six. The Junior course is a general one, but in the Senior classes—where preparation for higher education, Government Service, etc., will be a feature,—several differentiated courses could be made available, e.g. agricultural, commercial and domestic science.
- (b) In spite of the severe set-back to the development of secondary education caused by the Japanese occupation and such related problems as the need to make use of temporary buildings, the paucity of trained teachers, and general lack of equipment, it is a creditable achievement that secondary classes have already been re-established by the Voluntary Agencies and that there are 242 pupils (of whom 48 are girls) in Mission and Chinese schools of this grade.
- (c) Planned post-primary education in Government schools includes provision for a Teachers Training College for 40 students to be opened in 1950 and a Secondary School for boys in 1951.

(d) A Government Junior Technical School on the Malayan model is now being built at Menggatal, near Jesselton for the pre-vocational training of ex-primary students at a Junior Secondary level. In the school, which will have a European Chief Instructor, Malay will be the medium of instruction but English will be taught as a subject. It is proposed that the first Borneo Trade School when fully developed should accommodate 60 students and offer two parallel courses:—

- (1) Carpentry with a general bias towards building construction rather than cabinet-making.
- (2) General mechanics which includes fitting and bench work, training as blacksmiths, machine-shop practice, motor mechanics and welding.

In view of the cost involved (i.e. £15,000 spread over four years), financial assistance for this project has been provided from funds made available under a Colonial Development and Welfare Scheme.

Supply and Training of Teachers:

The greatest handicap during the year was the lack of trained teachers. At the end of the year four teachers successfully completed a two-year course at Batu Lintang Training Centre, Kuching, but no substantial improvement in the position is likely to occur until it is possible for both Government and Missions to establish Teachers Training Colleges.

At the end of October, 1948, the total number of registered teachers was:—

Schools		Men	Women
Government	.. ..	127	10
Mission	.. ..	120	75
Chinese	.. ..	156	44
Others	.. ..	8	1
		<hr/> 411 <hr/>	<hr/> 130 <hr/>

Higher and Adult Education:

Apart from lectures to the North Borneo Branch of the British Red Cross Society, St. John's Ambulance courses arranged for employees by the Railway, Jesselton Hospital, and Police Training School, practically no regular classes for adults have been in operation during the year.

It has not yet been possible to take advantage of the various education scholarship schemes sponsored by the Colonial Office (i.e. Nuffield Foundation Scholarships, British Council Scholarships and those provided on a regional basis by means of grants under the Colonial Development and Welfare Acts) owing to the lack of students with the necessary educational qualifications.

HEALTH.

Medical Department:

The Medical Department maintains hospitals at Labuan, Beaufort, Keningau, Papar, Jesselton, Kota Belud, Kudat, Sandakan, Lahad Datu, Semporna and Tawau, with a total of 825 beds. Subsidiary to the main hospitals there are numerous dispensaries distributed throughout the districts, many of which provide accommodation for in-patients. The dispensaries are in the charge of qualified dressers, who are under the close supervision of the District Medical Officers, and serve as feeders for the central hospitals as well as dealing with the day to day ailments of the population. Medical facilities are brought to the more remote and isolated communities by means of travelling clinics.

A Leper Settlement was maintained at Berhala Island throughout the year, for 49 resident patients. In the latter part of the year steps were taken to classify the lepers and treatment with the new specific drug, Sulphetrone, was introduced.

A Mental Hospital continued to be maintained in Sandakan. It has accommodation for 110 patients and during the year the number of patients increased from 30 to 67.

Buildings:

Reconstruction and repairs of buildings destroyed or damaged during the war continued throughout the year, although of necessity most of the work was of a temporary nature. Sites and plans for permanent buildings are under consideration, but in most cases such buildings must await the completion of the various Town Plans.

General Health:

The year 1948 continued to show a steady improvement in the health of the population. The Medical Department made marked progress in organisation after the confusion and disruption caused by the Japanese invasion of the territory. Nutritional deficiency diseases were less in evidence generally but in certain areas there were cases of avitaminosis. The latter part of the year saw the beginning of the control of malaria by the use of paludrine and the spraying of the interior of houses with a residual spray of D.D.T. By the end of the year a marked decrease in the incidence of malaria in certain districts became evident. There were no outbreaks of serious epidemic disease. Tuberculosis of the lungs remained a serious problem, due chiefly to overcrowding caused by the destruction of buildings during the war period.

Health Centres:

During 1948 four maternal and child welfare clinics were in operation. Plans were made at the end of the year to provide fourteen health centres within five years. The maternal and child welfare clinics will in time be extended to include other public health clinics and will become health centres.



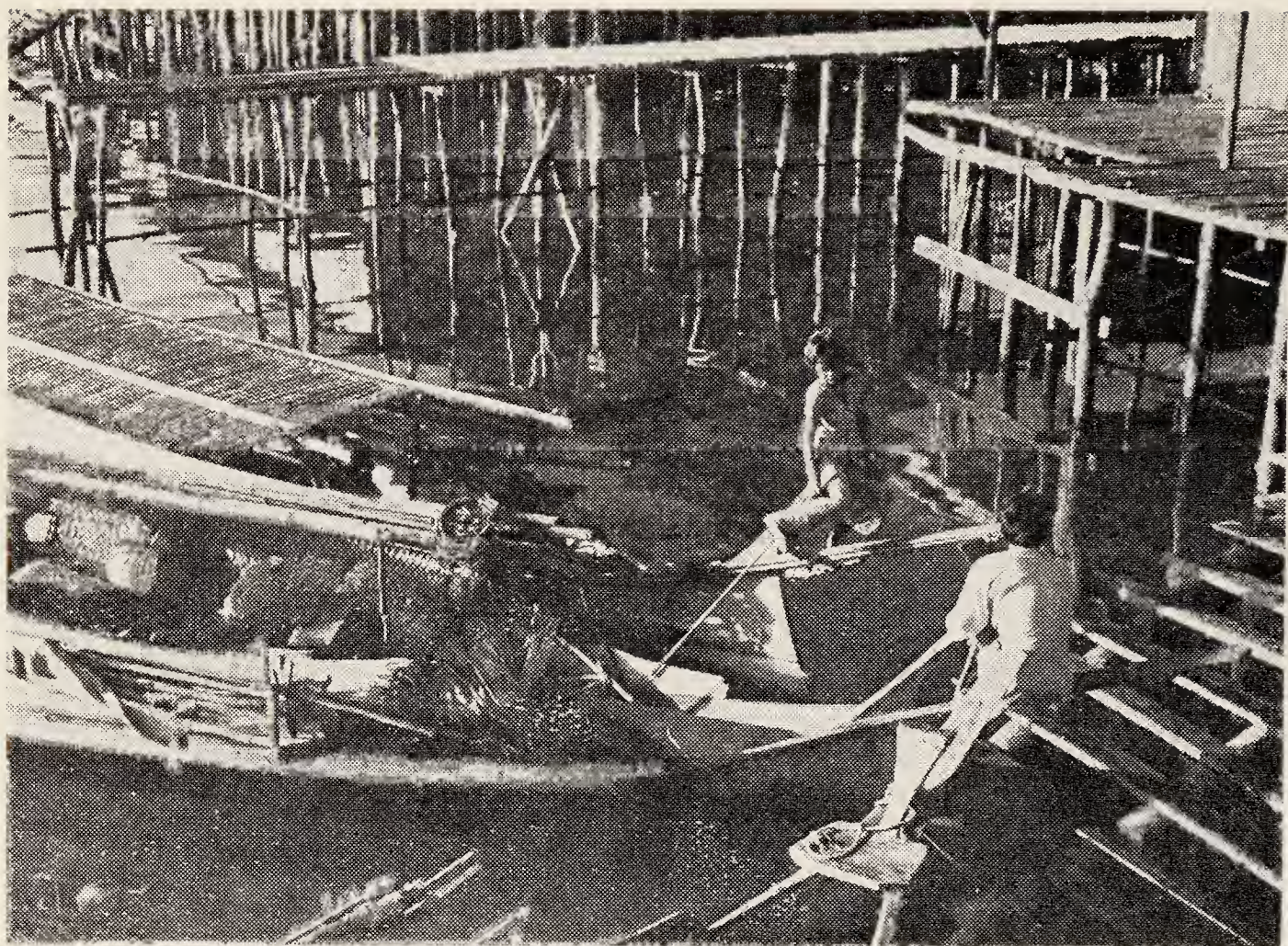
DRYING FISH: SEMPORNA.

J. E. Longfield.



CHINESE PEDLERS' PRE-SALES ENTERTAINMENT.

Alan Robson.



HOUSEBOATS: TAWAU.

J. E. Longfield.

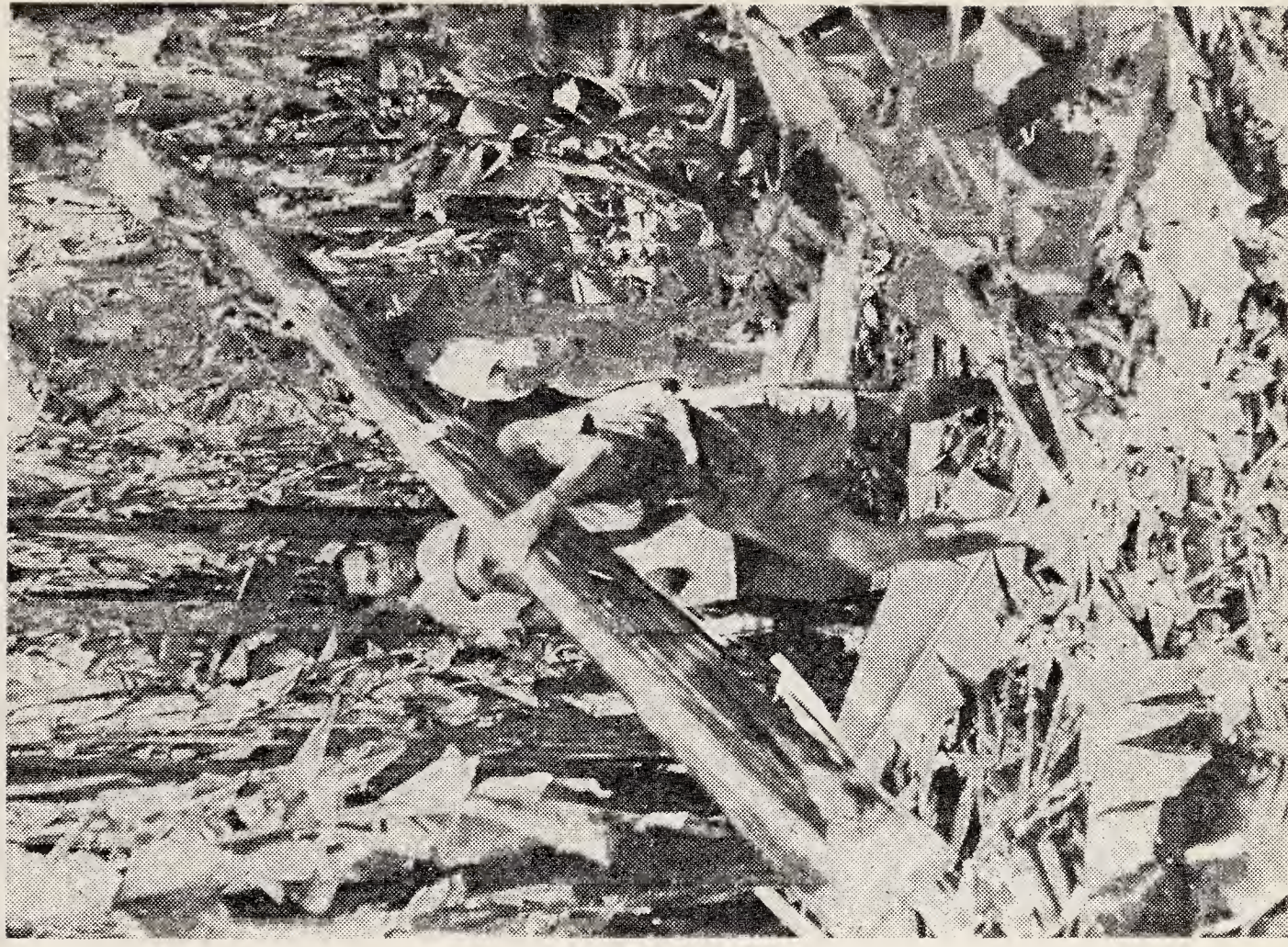


FISHING VILLAGE: SEMPORNA.

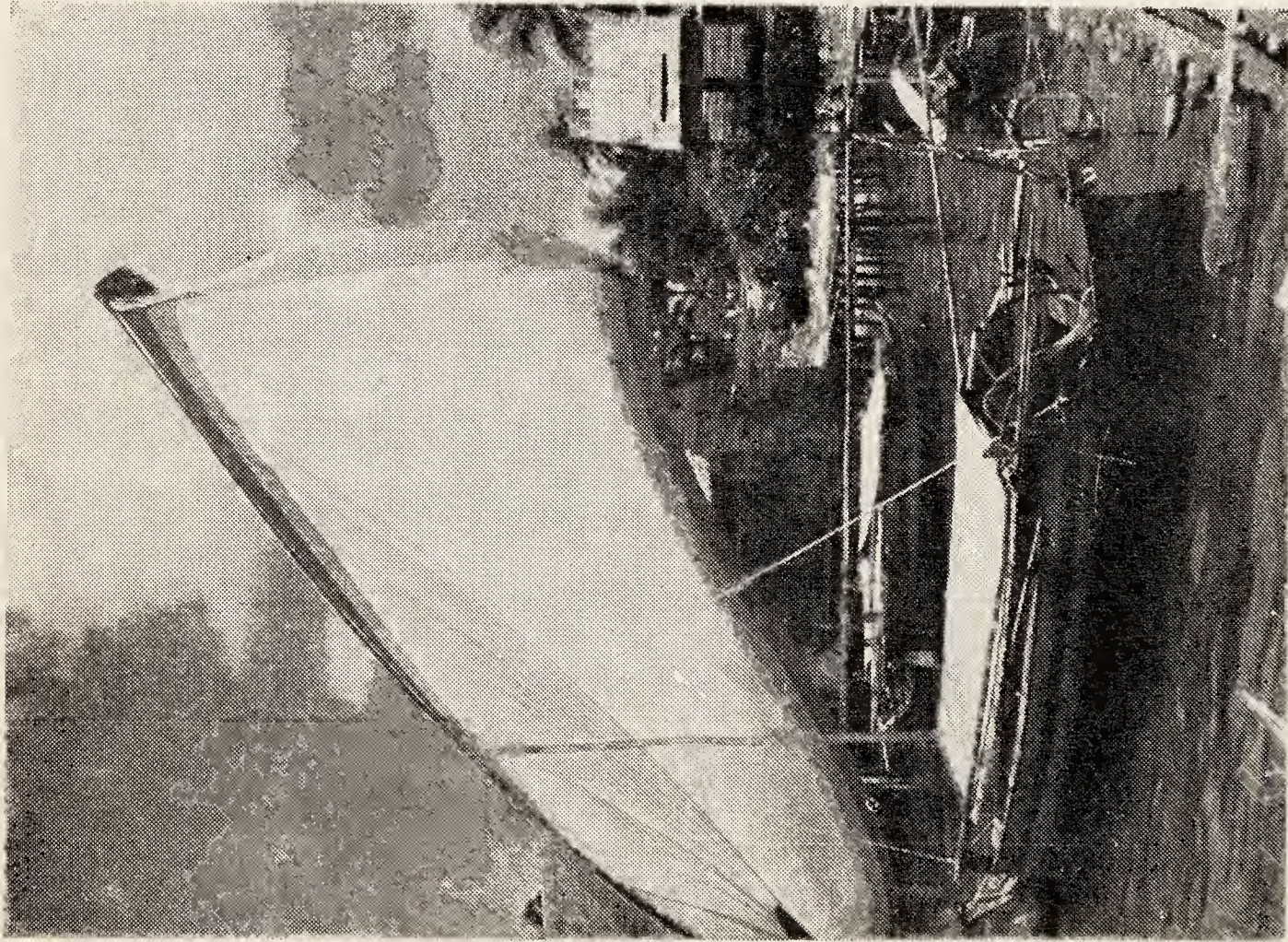
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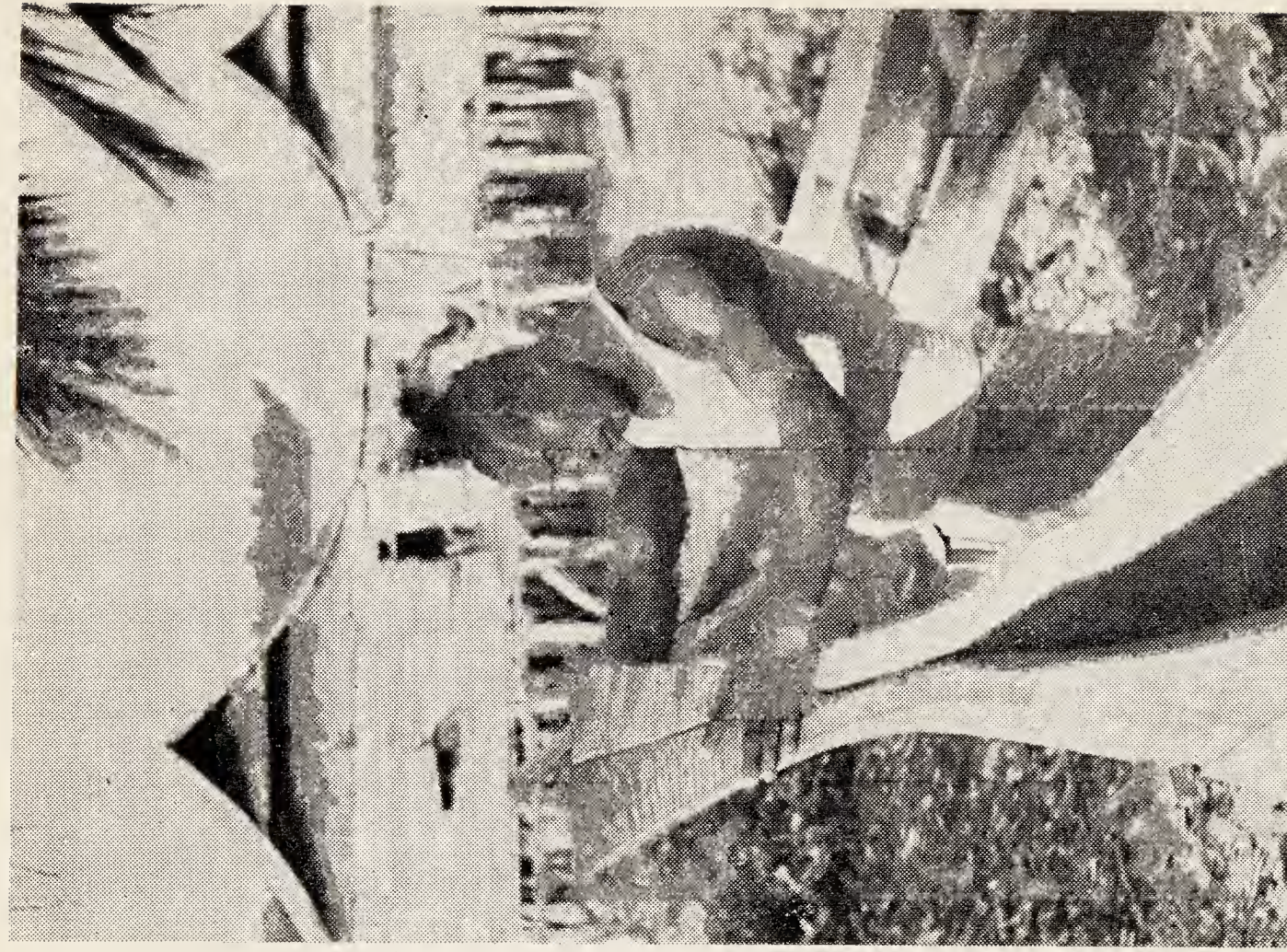
J. E. Longfield.
TOBACCO SELECTION: SEGAMA.



Alan Robson.
CUTTING HEMP: MOSTYN.



J. E. Longfield.
NATIVE BOAT: SEMPORNA.



J. E. Longfield.
BOATBUILDER: OMADEL.

Vital Statistics:

Owing to the inaccessibility of many parts of the Colony the figures given for vital statistics must be treated with considerable reserve. While the figures collected for the towns are accurate some account of the method used for collecting the statistics in the more sparsely populated areas may be of interest. Many of the villages are several days journey away from the nearest administrative centre and the duty of reporting births and deaths falls upon the various headmen. In some cases their visits to district headquarters are made only at long intervals and it is almost certain that some births and deaths are overlooked. This would be the case particularly where births are concerned, for, while deaths are an event of which the whole village takes cognisance in view of the widely held belief that unfriendly spirits are their cause, births are an event of purely family significance. The following figures however, may be taken as substantially correct.

Estimated population (October 1947) — 331,000.

	1946	1947	1948
Births registered	4,377	6,630	6,716
Deaths registered	3,976	5,136	4,552

Note:—The returns for 1946 were very incomplete.

The infant mortality rate is estimated to be about 136 per 1,000 live births, and the maternal mortality rate 10.2 per 1,000 births.

Causes of Death:

The main causes of death are malaria, pneumonia, tuberculosis, dysentery, and undiagnosed fevers. Detailed statistics would be unreliable as less than 5% of deaths are certified by Medical Practitioners. Epidemic disease, other than malaria, is almost unknown.

HOUSING.

Urban Housing:

In the main towns the housing problem since the war has been acute. Sandakan and Labuan were completely destroyed and Jesselton severely damaged in the operations immediately preceding the liberation. After the war temporary settlements sprung up on the old building sites and in some cases slum conditions were in grave danger of developing. Fortunately this tendency was nipped in the bud. Nevertheless no permanent building has yet been possible in town areas pending the completion of suitable town plans.

Government Quarters:

One of the most urgent tasks with which Government has been faced has been that of providing suitable accommodation for both

senior and junior officers. During the year 13 permanent or semi-permanent houses and 5 temporary houses were either completed or in the course of erection for the former. During the same period 96 quarters were either built or in building for junior officers, of which the majority were temporary structures.

The policy of providing houses for Government Officers is a temporary measure only, and has been necessitated by the exigencies of the present situation. In view of the shortage of housing due to the devastation caused by the war Government has assisted by providing temporary quarters for as many of the subordinate staff as possible as an emergency measure but the long term policy of Government is to provide quarters on payment of rent for the following classes of officers only:

- (a) Officers recruited from overseas.
- (b) Officers who must live near their work, e.g., police, medical subordinates, Customs subordinates, etc.
- (c) Special cases.

Rent is charged for all quarters except in the case of category (b).

Rural Housing:

The housing needs of the rural population of North Borneo are essentially simple and present no difficult problems. Among the settled and prosperous Dusuns of the coast and inland plains the age-long system of communal houses has been discontinued and their villages consist of groups of houses clustered together among fruit and coconut trees. In general, these houses, as everywhere in North Borneo, are raised above the ground on piles and entered by means of a ladder or notched tree trunk. Their construction is primitive—wooden posts, bamboo, bark, sago, or occasionally, plank walls, and a thatched 'atap' roof made from the leaves of the nipah or sago palm, materials which are always available. On the heavily populated Tambunan plain in the Interior, it is of interest to note that the Dusuns build their houses entirely of bamboo.

Among the more primitive Muruts and Hill Dusuns 'long-houses' are still the rule, although the practice tends to die out when they come in close contact with outside influences. A Murut long-house may be as much as 200 feet long and will contain the whole village. It consists of a long central passage with family cubicles, each self-contained, opening off both sides, with a large open space in the centre which serves as the public meeting place where guests are entertained or celebrations held. In the centre of this will be a sprung dance floor. An alternative pattern is a wide public veranda running the full length of the building, with doors opening into the separate family rooms. These houses rarely last more than 2 or 3 years. Quite apart from the flimsy construction any one of a number of superstitions will cause the occupants to desert their house to build a new one.

Rest Houses:

A programme to build new Rest Houses was commenced during the latter part of the year. A Rest House at Beaufort was completed

and work commenced on others at Tenom and Keningau. At the same time the accommodation of the Railway Hotel, Jesselton, was extended by the addition of an annexe, and plans were in hand for the building of airport hotels at Labuan and Sandakan.

SOCIAL WELFARE.

In December 1947, the North Borneo War Victims Fund Ordinance, 1947, was passed to provide for the formation and control of a central fund for the relief of distress caused by the war. There are large numbers of widows and orphans of men killed by the Japanese after the uprising of October, 1943, or killed in 1945 to prevent their giving assistance to the Allied Forces, and many of these widows and orphans are destitute. Private funds, such as the Sandakan and Jesselton Memorial Funds and certain funds raised by the Chinese community, had done much to alleviate want and Government had also assisted many cases of distress, but it was felt that only a central Fund could deal comprehensively with the problem. The Fund formed under the Ordinance is made up as follows:—

Grant of £20,000 by Government	.. .. .	\$171,429
Grant of £3,000 from Lord Mayor of London's Fund	..	68,571
Grant of £A5,000 from Australian Red Cross	..	33,982
Donations	.. .. .	22,557
Tawau collections	.. .. .	2,565
Sandakan collections	.. .. .	4,304
		<hr/>
		\$303,408
		<hr/>

The amount is not adequate to meet demands and it is hoped that donations will continue. Mr. C. F. C. Macaskie, C.M.G., was appointed Chairman of the Board of Trustees and also consented to become Commissioner under the Ordinance. Honorary Secretaries of the Fund have been appointed in each district. They will form local Committees which will investigate every case. The number of applications for relief is already over 1,500 and the Fund will take over the commitments of the private Memorial Funds. Unless further donations are forthcoming the Fund will be unable to do more than assist in cases of acute distress and make a contribution to the education of children orphaned by the war.

CHAPTER 8—LEGISLATION.

Laws Applicable in the Colony:

The Colony of North Borneo comprises the former State of British North Borneo and the Settlement of Labuan. The laws applicable therein fall into four divisions:—

- (1) Ordinances and Subsidiary legislation of the former State of British North Borneo applicable in the Mainland (i.e. the former State of British North Borneo).
- (2) Straits Settlements Ordinances and Subsidiary legislation in force on 15th July, 1946, applicable in Labuan.
- (3) British Military Administration Proclamations and Subsidiary legislation made thereunder applicable throughout the Colony.
- (4) Ordinances and Subsidiary legislation of the Colony of North Borneo also applicable throughout the Colony.

Both territories were administered after the liberation in 1945 by the British Military Administration until the establishment of the Colony of North Borneo on the 15th July, 1946, when legislative power over the whole Colony was vested in the Governor by the North Borneo Letters Patent, 1946, who in exercising such authority must consult the Advisory Council.

Reprint of the Laws of North Borneo:

As a result of the war only two complete copies of the Laws of North Borneo survived in the Colony. One of these was shared between the Governor and the Chief Secretary, and the other between the Chief Justice and the Attorney General. It followed that a reprint of the laws was a matter of urgent necessity. The work was put in hand shortly after the resumption of civil government, and a Reprint of the Laws of North Borneo, which was prepared by Mr. Maxwell Hall, a former Chartered Company officer of many years service, was published during the year. It contains the law as it stood on 31st December, 1946.

Legislation during the Year:

During the year under review, 22 Ordinances were passed by Advisory Council. These fall into several groups.

The Supplementary Supply (1946) and the Appropriation (1949) Ordinances (Nos. 1 and 19) contain the formal provision for the finances of the Colony.

The unification of legislation throughout the Colony has proceeded in respect of the following subjects—in some cases with minor amendments bringing the laws into more modern form:—

- Ports and Harbours Ordinance (No. 2).
- Shipping Ordinance (No. 3).
- Boats and Fisheries Ordinance (No. 13).
- Labour Ordinance (No. 15).
- Electricity Ordinance (No. 17).
- Vehicles Ordinance (No. 18).

The Ports and Harbours Ordinance has been further amended (No. 14), making provision for harbour dues and other fees to be prescribed.

Certain Ordinances, in form common in most territories, have been enacted with such local modifications as are necessary. These are:—

Holidays Ordinance (No. 4),
 Reciprocal Enforcement of Maintenance Orders
 Ordinance (No. 5),
 Departmental Titles (Alteration) Ordinance (No. 6),
 Diplomatic Privileges (Extension) Ordinance (No. 7),
 Governor's Powers Delegation Ordinance (No. 8).

The Transfer of Powers and Interpretation Ordinance, 1947, has been amended (No. 10) to empower the Governor to exercise powers formerly vested in the Court of Directors of the old Chartered Company. The Rent Control Ordinance, 1947, has been the subject of an amendment (No. 9) which makes provision for appeals to the High Court and for their disposal without delay. The Constabulary (Amendment) Ordinance (No. 22) makes provision for reciprocal service in case of need between the police forces of this Colony and neighbouring territories. The re-constitution of lost registers of trade marks has been the subject-matter of an amendment to the Merchandise Marks Ordinance (No. 12). An Ordinance, which is revenue-producing and also controls trading, was passed under the title of the Trades Licensing Ordinance (No. 16). This has been based upon similar legislation in other territories modified to meet local circumstances.

The Registration of Births and Deaths Ordinance (No. 11) replaces the Ordinance of similar title of 1884, and embodies the more modern procedure in use in other Colonies. It also makes provision for the re-constitution of those registers which were lost during the occupation period. This provision is of particular importance in this Colony where the problem of dual nationality arises so frequently.

The Labour (Unification and Amendment) Ordinance (No. 15) has enlarged the definition of "immigrant labourer" and enacted the provisions necessary for compliance with the Recruiting (Indigenous Workers) Convention, 1936, and the Contracts of Employment (Indigenous Workers) Convention, 1939.

The Passport and Immigration Ordinances (Nos. 20 and 21) replace the previous law on these subjects. The former is a short enabling Ordinance in common form under which regulations have been made in keeping with present practice on the subject. The law in regard to immigration in this Colony requires consideration of factors not common to other Colonies. The indigenous population is unable to supply the labour necessary for the development of the Colony, and it will therefore be necessary to import labour. In such circumstances a strict control is essential, not only for security reasons, but also to safeguard the interests of the indigenous population. Classification of immigrants is a matter of considerable importance. The continuation of the pre-war practice of receiving immigrant settlers who have been sponsored and guaranteed by local inhabitants creates a class for which special provision must be made, and it is also necessary that immigrant labourers properly vouched for and controlled under the Labour Ordinance should be relieved of some of the requirements of the immigration laws. The Ordinance passed in 1948, therefore, contains provisions peculiar to this Colony, but is in general based upon the modern legislation in other territories.

CHAPTER 9—JUSTICE, POLICE AND PRISONS.

JUSTICE.

System of Courts:

The Courts of the Colony of North Borneo for the administration of civil and criminal law are:—

- The High Court,
- The Sessions Courts,
- The Magistrates' Courts,
- The Native Courts.

The High Court is composed of the Chief Justice and such other Judges as are appointed under the Procedure Ordinance 1926, and is a Court of unlimited criminal and civil jurisdiction. Appeals from the High Court lie to the Full Bench of the High Court which is constituted by three or more Judges with the Chief Justice when available as President.

For the convenient conduct of judicial work the Colony is divided into Sessional and Magisterial divisions corresponding with areas administered by Residents and District Officers respectively.

The Sessions Courts' jurisdiction is prescribed by the Criminal and Civil Procedure Codes and the Local Ordinances. Appeals lie from the Sessions Courts to the High Court which may be constituted either by the Chief Justice alone or by two or more Judges when called upon by the Chief Justice. All sentences of death passed by a Sessions Court are subject to confirmation by the Chief Justice and all sentences of death or imprisonment of 10 years or more passed by the Sessions Court are subject to review by the Governor. Criminal trials in Sessions Courts are held by a Judge sitting with not less than three Assessors, but the Judge is not bound to conform to the opinions of the Assessors although he must pay them due regard. There is as yet no jury system in the Colony.

The Magistrates' Courts are divided into four classes, District, First Class, Second Class and Third Class. Their civil jurisdiction is limited to suits the value of which does not exceed \$500, \$500, \$250 and \$100 respectively, and criminal jurisdiction as assigned by the Criminal Procedure Code, with some extensions or limitations imposed by local Ordinances. Appeals from the District or First Class Magistrate lie to the High Court, and from the Second and Third Class Magistrates to the District Magistrates.

Native Courts have the jurisdiction given by the Native Administration Ordinance, 1937, from which an appeal lies to the District Officer, from the District Officer to the Resident and from the Resident to the Governor.

System of Criminal Law:

The Criminal Law of the Colony is based on the Indian Penal Code with amendments. The Indian Criminal Procedure Code as amended by the Procedure Ordinance, 1926, governs criminal procedure, and the Indian Civil Procedure Code as amended by the Procedure Ordinance, 1926, governs the civil procedure of these Courts. There are a large number of adopted acts and local Ordinances. A great deal of the law and procedure is unduly complicated and it is proposed to simplify the system as soon as possible.

Fortunately the work of the Courts is not heavy as the tables in the Appendix show.

POLICE.

Organisation and Composition of the Force:

The Police Force—The North Borneo Armed Constabulary—numbers 675 all ranks, and is commanded by a Commandant who is assisted by 1 Superintendent and 6 Assistant Superintendents with Indian and native Inspectors. The other ranks, amounting to 661 in all, are recruited mostly from native races, among whom Dusuns predominate with approximately 400 members. Muruts and Bruneis, with about 100 each, are also strongly represented. There are some 40 Indian other ranks, of whom half are Sikhs and half Punjabi Muslims. These are of a good type with character, intelligence and a willingness to learn.

The Headquarters are at Jesselton where are also the Training Depot, the Criminal Intelligence Department and the Special Branch. It is proposed that a Superintendent will be in charge of all detachments in the West Coast and the Labuan and Interior Residencies, with another in charge of detachments in the East Coast Residency. There are Assistant Superintendents in charge of police districts in Jesselton, Sandakan and Labuan, and a further police district is to be created at Beaufort.

Material Difficulties:

The lack of transport and communications is one of the principal difficulties in combatting and preventing what little crime there is. Each town or village is a unit in itself, and, except in some areas on the West Coast, even if notification is received, assistance cannot be sent without very considerable delay. Many journeys entail travel through jungle or along shallow rivers, where rapid progress is impossible.

The problem of accommodation has been met, as everywhere in the Colony, by means of temporary buildings, but plans have been laid for a start to be made on permanent structures in 1949.

Types of Crime:

Criminal statistics continue to show a satisfactory downward trend in serious cases, as the following figures will demonstrate. The 1946 figures are not complete but are sufficiently accurate for the purpose.

Offences Against the Person.						
Year.	Murder.	Attempted Murder.	Culpable Homicide.	Grievous Hurt.	Rape.	Minor Offences.
1946	21	1	12	37	3	340
1947	9	4	6	25	5	167
1948	6	—	2	22	—	198

Offences Against Property.					
Year.	Robbery.	House-breaking.	Major Theft.	Petty Theft.	Minor Offences.
1946	23	17	257	608	386
1947	12	24	261	485	169
1948	8	6	89	483	137

Extortion, criminal breach of trust and cheating numbered under forty cases, and represented a reduction of over 30%. On the other hand the number of opium and chandu cases more than doubled, from 26 in 1947 to 59 in 1948, although no single case was very important. Traffic offences showed a slight increase from 522 in 1947 to 553 in 1948, which is remarkable in view of the large increase in the number of vehicles on the road.

Comparative figures for all criminal cases are shown hereunder:—

Year.	Number of Cases Reported.	Brought to Court.	Number of Persons Convicted.
1946	2,357	1,102	1,465
1947	2,418	1,384	1,486
1948	1,995	1,484	1,293

Decorations:

During the year His Excellency the Governor presented a number of decorations which had been awarded to the Police Force. Many of these were for services performed during the war, but some were also for long and meritorious service.

PRISONS.

All Prisons and Lock-ups are under the control of the Commandant as Inspector of Prisons.

During the year there were 852 male and 28 female admissions, a very satisfactory decrease from the 1947 figures which were 1,259 and 57 respectively.

Escapes numbered three. All were re-captured.

There were two executions.

Buildings:

North Borneo possesses two prisons, one in Jesselton and the other in Sandakan. Both were destroyed during the war and the present buildings are temporary structures. Plans are now being prepared for the construction of a central prison and prison farm in rural surroundings near Jesselton.

The majority of Government Stations have lockups for short-term prisoners. Many of these, too, were damaged or destroyed during the war and a programme of reconstruction is planned for 1949.

Prison Trades:

A variety of trades, including boot-making, carpentry, metal and rotan work are taught in the prisons. In addition, in Jesselton, a prison vegetable garden is cultivated which supplies sufficient green vegetables for prison use. The area under cultivation is being extended by the use of a mechanical plough.

Juvenile Prisoners:

21 Juvenile prisoners were admitted to prison during 1948. With the prisons in their present condition, it is difficult to segregate such persons although this course is very desirable. Nevertheless, everything possible is done to follow general prison practice in this respect. Government has now under consideration a programme to introduce legislation permitting extra-mural sentences to be given to juvenile offenders and women.

CHAPTER 10—PUBLIC UTILITIES.

WATER.

In rural areas drinking water is obtained from wells, ponds, streams and rivers, the supply being ample but liable to contamination. In the main towns water supplies are being taxed to their fullest capacity on account of the expansion of piped water consuming areas and the increased demand from shipping using the ports. This demand is being met as well as possible with worn-out pumping plants and incrustated mains, but the position is bound to be precarious until orders for new plant are fulfilled. In the principal towns the position is as follows:—

Jesselton:

The water supply is derived from a 240-acre catchment area at Bukit Padang, some four miles from Jesselton, where it is impounded in a reservoir of over 6,000,000 cubic feet capacity. It is then pumped to an elevated settling tank from where it is gravitated to the town.

The consuming area has expanded during the year and as a result the efforts to keep pace with the demand have strained the existing water services to the utmost. Steps were taken to improve the position by utilising the limited materials and replacements available, and by means of a time-table and the opening and closing of valves it was possible to take up stretches of main to be cleaned and for pumps to be installed. By following this programme it was possible to boost the supply in the worst-affected areas with the result that by the end of the year every consumer received a reasonable supply of water.

There still remain some isolated points supplied by water trucks but the arrival of new equipment now on order from the United Kingdom will enable mains and pumping plant to be renewed which will render this service unnecessary. It has been possible for work to be commenced in this direction by the laying of a 9" pumping main from the reservoir to the high level supply tank in place of the old incrustated 6" main, while pressure in the town has been boosted by installing a pump in the 6" gravity main. As soon as materials arrive it is planned to add a second 6" gravity main which will greatly ease the supply position.

Sandakan:

The original water supply for Sandakan was brought from a distance of 4½ miles, the water being pumped for 3 miles by steam to a sediment tank. It was then fed to a 50,000 gallon tank and from there gravitated to houses and stand pipes.

During 1948 there was a steady increase in water consumption but the supply was maintained despite makeshift equipment. Old petrol-driven pumps were converted to electrical drive and temporary repairs and improvements were carried out to the reservoir and system generally.

Labuan:

The reservoir used before the war is now being drained to enable an inspection and assessment of the possibilities of its use to be made in view of the major alteration to the catchment area caused by the building of the airfield.

In the meantime an uneconomic supply is obtained from nine boreholes which were drilled by the Armed Forces during the liberation operations. This supply continues to be sufficient for normal needs.

Other Towns:

The water supply is being improved at Lahad Datu, where a scheme is in course of preparation to pump water from a nearby stream by means of a rising main.

The systems at Tenom and Weston are being investigated for improvements and Beaufort Hospital was given a piped supply.

ELECTRICITY.

General:

During 1948 both Jesselton and Labuan continued to be supplied with electricity by Government. In February an Electrical Engineer arrived to face a task of considerable magnitude. His duties include the operation of the systems in Jesselton and Labuan, together with planning their rehabilitation, and the integration of new schemes into the eventual Town Plans. In addition he is responsible for the inspection of privately owned plants and undertakings.

Jesselton:

Negotiations have been almost concluded with the Jesselton Ice and Power Co., Ltd., with a view to terminating their concession, whereby they supplied Jesselton with its electricity and ice. During the war the Company's plant sustained severe damage but with what it has been able to salvage, together with the limited amount of new equipment that has been delivered against Government indents, the Public Works Department has operated a limited service.

In view of the uncertainty regarding the future layout of the town, the length of time necessary to obtain new plant, and the difficulty experienced in engaging skilled subordinate staff, the task has been confined to the more immediate one of rehabilitation of existing machinery and the improvement of supply. By the close of 1948 additional generating plant with an output of 397 KW had either been installed or was about to be brought into operation, making a very decided improvement on the 128 KW being generated previously.

Throughout 1948 it was possible to supply light between the hours of 6 p.m. and 11.30 p.m. only. Plans are well advanced however, whereby it is hoped that a 24-hour service will be available to the commercial area of Jesselton early in 1949.

Sandakan:

Electricity in Sandakan is supplied by the Sandakan Light & Power Co., Ltd. Their plant suffered very heavy damage during the war, but during 1948 rehabilitation had reached a stage where they were once again able to offer a 24-hour service, although the charges were high in comparison with those of neighbouring territories.

Labuan:

The principal work in Labuan during the year was the replacement of the existing uneconomical petrol-driven engine by a 25 KW diesel generating set and switchboard which has given satisfactory service since its commissioning. The system is now capable of supplying many additional consumers and steps are being taken to connect them to the circuit.

There are small privately owned plants in Beaufort and Tawau, both in a poor state of repair. Lighting from these plants is expensive, and costing \$5 per month for one 60 watt lamp.

CHAPTER 11—COMMUNICATIONS.

Roads:

The construction and maintenance of roads in North Borneo is subject to unusual topographical and climatic difficulties. The main centres of population are separated in many cases by mountain ranges and swamps, while the rivers are subject to sudden and severe flooding. Heavy tropical downpours at certain seasons of the year add to these difficulties, particularly in steep and mountainous country where the danger of roads being washed away necessitates metalled roads sealed with asphalt.

The mileage of roads and bridlepaths in the Colony is as follows:—

(i) Metalled roads with asphalt surface	125 miles.
(ii) Other metalled roads	26 „
(iii) Earth roads	204 „
(iv) Bridle paths (6' to 8' wide)	601 „

Every effort was made to maintain these roads at a reasonable standard and work continued throughout the year with the reconstruction necessitated by the neglect suffered during four years of enemy occupation. Operations of this nature have been considerably hampered by lack of equipment, but the arrival from the United Kingdom of new road plant during the year is enabling the task of road rehabilitation to be tackled with greatly increased efficiency. In general, however, delivery of new equipment from England is far

behind schedule and the immediate task of restoring all roads to their pre-war condition and of converting to roads the jeepable tracks which the Japanese made of some pre-war bridle paths still remains to be completed.

A rapid increase in the number of vehicles using the roads became apparent in 1948, and in the Jesselton area it has been found necessary to lay down a standard metalled carriage way of 22 feet, which is the minimum for two-way traffic in England. For rural areas the recommended width is 20 feet, but it is unlikely that this ideal will be achieved in the near future.

Temporary bridges are being replaced by permanent structures which are being designed for Ministry of Transport loading and are standardized for reasons of economy in multiples of five feet.

Work completed during the year included the re-surfacing of some 7 miles near Jesselton, 8½ miles near Sandakan and 2 miles in Kudat. In addition a considerable mileage was reconditioned by patching.

The extension of road communications forms one of the most important items in the development of North Borneo, and a revised road development programme was drawn up at the end of the year. It included the following important recommendations for new roads:—

- (i) A road to the Interior following the Sensuran trace from Jesselton to Keningau, via Penampang and Tambunan. The total distance of new road will be approximately 80 miles. This road, after rising some 5500 feet to cross the Crocker Range will descend to tap the fertile plains of Tambunan and Keningau.
- (ii) Extension of the Bukit Manggis road to the foot of the Crocker Range—a distance of 12 miles—which will have the effect of opening up valuable rice-growing areas.
- (iii) Completion of the North Road to Kota Belud, 47 miles from Jesselton—which will provide an outlet for that prosperous district with its thousands of head of cattle and large rice-growing areas.
- (iv) Extension of the Labuk road from Sandakan by 10 miles to open up potentially valuable agricultural land.

RAILWAY.

The North Borneo Railway, which provides the principal means of communication on the West Coast and the Interior, has been an important factor in the development of the West Coast of the Colony. It is owned by Government and, starting from Jesselton, serves the districts of Putatan, Papar, Benoni, Kimanis, Bangawan, Membakut and Beaufort, passing through country well populated with natives of Borneo and Chinese, and serving many rubber estates.

From Beaufort a branch line runs down to the coast at Weston (connected by launch with the port of Victoria on Labuan Island). This branch line passes through large and small rubber estates and many Chinese and native small holdings, while the main line proceeds on its way to Tenom and Melalap, through the magnificent gorges of the Padas river, before debouching into the fertile Tenom valley.

The total length of the railway, however, is only 116 miles. It is of metre gauge and was first opened on the Beaufort-Weston line in 1900, and was later extended to Jesselton and Tenom in 1902. The whole system, together with locomotives, rolling stock, machines, tools and general equipment suffered extremely severe wartime damage. Rehabilitation and reconstruction have of necessity been very slow owing to the tardy delivery of new material. The position is shown by the figures given below:—

	1941	1948
Steam locomotives	12	3 in service, 3 laid up awaiting repair, 1 in course of rebuilding.
Petrol locomotives	nil	4 (Haulage capacity 20 tons only).
Sentinel Shunter	1	1 awaiting repair.
Rail cars	8	4 New equipment.
General wagon stock	156	80 in service.
Coaching stock	36	18 in service.

As will be seen the locomotive and rolling stock position is still very precarious, and improvisation has been, and of necessity must still be, the rule. A typical example is shown by the lack of a wheel lathe which was the most serious handicap in respect of rolling stock repairs. During 1948 all the parts of the pre-war lathe were finally recovered, repaired where necessary and reassembled. The machine is now being operated as a separate unit, powered by a repaired locomotive boiler.

The collapse of a Callander Hamilton Bridge over the Papar River on the 11th January resulted in serious dislocation of traffic. The Commander-in-Chief FARELF was able to render assistance by sending a party of Army Engineers, who, with a local labour force, erected a D. D. Bailey in its place which was opened in June. It is, however, a Class 40 bridge, which necessitates hand shunting of coaches and rolling stock over it with consequent delay. The position will be improved shortly by the provision of a light shunting locomotive.

Despite all these obstacles the traffic handled by the railway created a record. Compared with the figures for ten years ago the number of passengers carried was more than doubled while the

tonnage of goods carried was almost doubled. The following comparative figures are of interest:—

Year	Passengers carried	Goods (tons)
1936	106,128	10,549
1937	146,497	16,709
1938	132,225	13,952
1939	143,612	14,292
1940	173,125	21,334
1941	} not available.	
1946		
1947	124,776	22,068
1948	289,865	24,198

A Commission of enquiry is at present being held to examine the question of the future of the railway, and to recommend whether to rehabilitate it or to build a road in its place.

HARBOURS AND SHIPPING.

One of the most important tasks in the rehabilitation of North Borneo is the reconstruction of her port and harbour installations, nearly all of which were either entirely destroyed or very severely damaged during the war years. It is hoped that work of a permanent nature will commence in the near future, but until now it has simply been a matter of temporary repairs to makeshift structures and in many cases the rate of repair and maintenance has been unable to keep up with the deterioration of decking and piling. In addition the comparatively large tonnage of cargo handled has put severe strains on these already weak temporary structures.

Nevertheless, progress has been made. Sandakan wharf has been repaired and extended to its pre-war length of 425 feet, which allows two of the regular local trading vessels to berth at the same time. At Kudat, where earlier in the year cargo had to be lightered owing to the unsuitability of the wharf for berthing, the wharf has been extended and local trading vessels are now berthing there regularly.

Some 813,722 tons, nett register, of shipping used the ports of the Colony during the year and cargo totalling 201,244 tons was handled. Of this total 128,294 tons passed over Colony wharves, the remainder being transhipped direct to adjacent territories.

The shipping tonnage (nett register) using each port was as follows:—

Labuan	..	..	..	261,175
Jesselton	..	..	..	91,971
Sandakan	..	..	..	297,154
Tawau	..	..	..	38,096
Lahad Datu	..	..	..	26,932
Kudat	..	..	..	67,946
Semporna	..	..	..	30,448

Navigational aids—of particular importance in the difficult waters around North Borneo's coasts—were considerably improved during the year. Three temporary low-powered lights were established at Labuan Island and Brunei Bay approaches. Mark buoys, similar to those in use pre-war, have been relaid at Labuan, Malawali Channel and Sandakan, as well as temporary light buoys at Labuan and Sandakan. Mantanani Island light was re-established, thus facilitating considerably the task of navigating the West Coast waters while repairs were carried out to all other light structures. Two large light beacons were constructed at Kudat and Lahad Datu, but are not yet in use as they are awaiting the arrival of their light equipment. It is proposed to erect a light on Berhala Island at the entrance to Sandakan Bay and thus eliminate the necessity of using the Taganac light which is in Phillipines territory and has not been replaced since the war.

In addition 30 new beacons were erected on reef passages on the East and West Coasts, and aircraft mooring-buoys were laid at Labuan, Jesselton, and Sandakan for the use of the weekly R.A.F. flying-boat service.

The shipping services operating to North Borneo during the year were as follows:—

The Blue Funnel Line—calling at Labuan with direct shipments from United Kingdom and loading with timber at Sandakan.

The Burns Philp Line—calling at Labuan with direct shipments from Australia.

The Eastern and Australian Line—calling at Sandakan for timber.

The Indo-China Line—calling at Sandakan and Tawau for timber.

The Australian China Line—calling at Sandakan and Tawau for timber.

The South African Railways and Harbour Line—calling at Sandakan and Labuan for timber.

The Straits Steamship Co.—who maintain a regular 10-day service between Singapore and Borneo ports.

The Moller Line—who now maintain a regular fortnightly service between Singapore and Borneo ports.

The Glen Line—calling at Sandakan for timber.

Butterfield and Swire Line—calling at Sandakan and Tawau for timber.

CIVIL AVIATION.

The year 1948 has been devoted to the preparation of plans for the construction of air-strips at Jesselton, Sandakan and Tawau and for bringing the existing air-strip at Labuan up to the standard necessary for its use by long-distance aircraft. Action at Labuan has been necessary because of its important position vis-a-vis airlines to

other parts of the Far East, and on account of the enquiries which have been received from international air operators about the possibility of using it on trunk routes. Throughout the year the Royal Air Force maintained a weekly courier service by Sunderland Flying Boat between Singapore and Jesselton, which was extended to Sandakan from August onwards. This has materially assisted the despatch of business throughout the Colony, and the assistance rendered by the Royal Air Force has been greatly appreciated. Work has also begun on the air-strips at Jesselton and Sandakan and it has recently been accelerated to enable a commercial airline land service to be started in the near future to link up with Singapore and Kuching.

TELECOMMUNICATIONS.

Telegraphs:

External radio circuits were maintained with Singapore, Kuching, Brunei, and with aircraft and shipping in Borneo waters, throughout the year. Varying ionospheric conditions caused frequent but not serious interruptions by fade-outs.

Radio stations for internal communication were operated at Labuan, Ranau, Kudat, Beluran, Sandakan, Lahad Datu, Mostyn, Semporna and Tawau. New equipment for the permanent stations was erected at Jesselton, Labuan and Sandakan, but had not been brought into full operation by the end of the year.

Land-line offices were maintained at Jesselton, Sembulan, Kepayan, Papar, Beaufort, Tenom and Keningau.

In spite of the improvement in postal facilities the volume of traffic over the telegraph system remained at a very much higher level than pre-war, the stations at Jesselton and Sandakan handling more than two million words during the year, compared with a total for all stations of 567,107 in 1938 and 868,142 in 1940.

Operators were being trained in readiness for the opening of civil air services when the air-strips at Jesselton and Sandakan have been constructed. Throughout the year communication was maintained with the R.A.F. Courier service aircraft while flying over the Colony, and with their base at Seletar.

Telephones:

The entire telephone system of the Colony was so badly damaged or neglected by the Japanese that until new equipment can be supplied this service cannot be considered satisfactory. It is only by improvisation and the use of material left behind by the military forces that temporary repairs have been possible.

Manual exchanges are in use throughout the Colony, and in Jesselton there is in addition a 100-line automatic exchange. This exchange was originally used in Sandakan in 1922, when it was the first automatic exchange in use in the Far East. In the 1930s it was transferred to Jesselton where it was in use until shortly before the liberation, when it suffered severely from Allied bombing and Japanese denial measures. It was salvaged and repaired with military equip-

ment and continues to give yeoman if somewhat erratic service. Both in Sandakan and Jesselton the services are quite inadequate for the demand, but it is hoped to be able to expand them in the near future.

The total number of telephones in use in the Colony is 409. In the principal towns the numbers are as follows:—

Jesselton	..	..	..	183
Sandakan	..	..	..	80
Labuan	..	..	..	42
Tawau	..	..	..	11
Beaufort	..	..	..	26
Tenom	..	..	..	16

Meteorology:

A number of telegraph operators were given elementary training preparatory to the extension of this service in 1949. During the early part of the year weather reports were passed to the R.A.F. Station in Labuan for the use of air-survey aircraft operating over the Colony.

Agreement with Cable and Wireless Ltd.

In 1948 Government entered into an agreement with Cable and Wireless Ltd., under which the Company will handle all of the Colony's external telegraphic services. It is expected that the Company will be in a position to undertake these services in the very near future.

POSTS.

On the 31st December, 1948, there were eight Post Offices in the Colony. Work has commenced on the new permanent Post and Telegraph Office at Tawau, and this building together with new Post Offices at Papar, Beaufort and Kudat is expected to be completed early in 1949.

The North Borneo BMA and Sarawak stamp issues were withdrawn from sale in July 1948. They have been replaced by the North Borneo Royal Cypher stamps which are the old Chartered Company stamps overprinted with the Royal Cypher. On the 1st November, 1948, the Royal Silver Wedding Commemoration issue of \$10 and 8 cent stamps was placed on sale at all Post Offices in the Colony for a period of three months.

Surface mail schedules between North Borneo and Singapore improved considerably with the inauguration of a new fortnightly steamship service, although the arrival of U.K. mails is still very irregular. In August the weekly air service maintained by the R.A.F. was extended to Sandakan. The number of air-mail letters handled, including the additional service between Jesselton and Sandakan, was more than trebled compared with 1947. The light Air-letter service was extended to several foreign countries.

On the 1st April, 1948, increased postage rates and postal charges were introduced. These included an increase from 8 cents to 10 cents for the first ounce for letters despatched to Empire countries and an

increase from \$5 to \$10 for Private Box rental. A customs clearance fee of 25 cents on each dutiable postal article was also imposed. Parcel postage rates were also advanced to meet increased costs of conveyance and handling charges.

The number of registered articles handled increased by 80% although the registration fee was increased from 15 cents to 20 cents with effect from 1st April, 1948.

CHAPTER 12—RESEARCH.

MALARIA.

Under a Director of Malaria Research for North Borneo, Sarawak, and Brunei, work continued throughout the year at Sandakan and Labuan. This work was commenced in North Borneo before the Japanese war, and is now carried on with the aid of a grant made under the provisions of the Colonial Development and Welfare Act.

While this work is by no means completed, it is possible now to obtain some idea of the problem of malaria control in North Borneo. It would appear that *A. leucosphyrus* is one of the most virulent of North Borneo anopheles, and is an important vector throughout the greater part of the territory.

A. Umbrosus is another vector of some importance but of more limited distribution, while *A. sundaicus*, a vector in other parts of the world, has been claimed on indirect evidence to be responsible for epidemic malaria in coastal areas of Borneo. Breeding as it does in open, sunlit brackish pools, and often in proximity to towns and cultivated areas, this mosquito, if it is a vector at all, must be of considerable economic importance. At the moment the position is that it may be a vector in some parts of Borneo, but there is insufficient evidence to warrant action being taken against it.

FISHERIES.

In April, 1948, a Fisheries Department headed by a Director of Fisheries was established within the Colony. Besides undertaking normal administrative duties the Director will continue the survey of the industry commenced in 1947.

Early in 1948 the two-masted auxiliary ketch "Myrtle Burgess" was commissioned as Fisheries Survey Vessel and was used to collect information on the occurrence of commercially exploitable fish.

It is of interest to note that although many shoals of small tuna were seen during the year, only one specimen was caught on the troll lines, suggesting that this method of fishing is unlikely to be of value for the capture of tuna.

Ponds for the production of fresh-water fish for introduction into padi fields have been constructed, and the problem of breeding supplies of larvivorous fish for mosquito control is being studied.

PART III.

CHAPTER 1—GEOGRAPHY AND CLIMATE.

North Borneo includes the whole of the northern portion of the island of Borneo. It is roughly the size of Ireland. The China Sea washes its western and the Sulu and Celebes Seas its eastern coasts. The heavily-indented coastline measures some 800 to 900 miles.

The distances from Sandakan to towns in adjacent territories are as follows: Manila, 600 miles; Singapore, 1,000 miles; Hong Kong, 1,200 miles; and Port Darwin, 1,500 miles.

The country contains central mountain ranges, from four to ten thousand feet in height, rising somewhat sharply from ranges of low hills nearer the coast. These hills are traversed by valleys and occasional plains. The coastline is formed mainly of alluvial flats, with many creeks and swamps. Hills and valleys in most cases are covered with dense forest, and there is an extensive system of rivers.

The main harbour on the west coast is at Victoria on the island of Labuan, which lies to the north of Brunei Bay. Further north Jesselton, the new capital of the Colony, has a good, well-sheltered harbour for vessels of moderate size which take away the bulk of the rubber produced on the west coast. At the most northerly point of the Colony is Marudu Bay, a former stronghold of **Illanun** pirates. On its western shore, 11 miles from the entrance, is Kudat Harbour, where there is a wharf capable of taking vessels up to 2000 tons. About midway down the east coast of North Borneo is the magnificent harbour of Sandakan, the approach to which is unfortunately marred to some extent by a bar. The entrance is a mile and a quarter wide, and the bay, which is 15 miles in length, gradually increases to a width of five miles. Sandakan, the former capital of the old State of North Borneo and the largest town in the Colony, is built on its northern shore about a mile from the entrance. Other good harbours are Lahad Datu, further down the East Coast, and Cowie Harbour with its port of Tawau.

The main mountain feature of the country is the Crocker Range, commencing at the south end of Marudu Bay and following the west coast at a distance of some 30 miles. This range, 4000-6000 feet in height, sends short spurs to the west coast, which are dominated by Mount Kinabalu, 13,455 ft. high. This is one of the finest mountains in the Far East and is venerated by the natives as the resting place of the souls of the dead. Trusmadi, on the borders of the Keningau and Tambunan districts in the interior, reaches a height of 8,000 feet, while ranges of 4,000-6,000 feet are not uncommon near the Dutch border.

The most extensive plain is that on the east coast irrigated by the river Kinabatangan and its tributaries, believed to contain some 4,000 square miles of rich and fertile soil. In the interior are found

the Keningau and Tambunan Plains which are traversed by the Pegalan River. The Keningau plain consists of wide stretches of grassland, while Tambunan maintains a large padi-planting population.

The rivers are numerous and of considerable importance, constituting as they do the only highways in some parts of the country. The longest, the Kinabatangan, follows a course of some 350 miles, and is navigable by shallow-draught launches for considerable distances. The Segama River, in the south-east, is navigable for about 60 miles and the rich soil of its valley is suitable for the cultivation of wrapper-leaf tobacco. The other main rivers in the east are the Labuk and the Sugut.

The west coast rivers are by contrast short and swift-flowing, and consequently of little use for navigation, but the long, narrow coastal plain which they water, contains the main rice and rubber producing areas of the Colony. The longest of these rivers is the Padas, which is navigable for small launches as far as Beaufort, 60 miles from the sea. The Padas has cut a deep and narrow gorge through the west coast range, and it is through this lovely, scenic gorge that the railway into the interior runs for much of its course.

The climate of North Borneo is tropical, but on the whole equable. On the coast day temperatures vary from 70°F. in the early morning to 88° at midday, and only on exceptionally hot days to 93° or 94°. Night temperatures are in the region of 70° and in most places comparatively cool nights are a relief after the day temperatures. Annual rainfall varies from 60 inches to 180 inches in different localities. In most parts of the country the wetter season occurs during the north-east monsoon from October to March, and the drier season during the south-west monsoon, from April to September, but there is no sharp division between the two seasons. The typhoon belt passes just north of the Colony so typhoons are unknown, although severe rainstorms accompanied by high winds sometimes occur and local thunderstorms are frequent.

CHAPTER 2—HISTORY.

To a very great extent the history of Borneo is veiled in obscurity. It was known to the Arabs many years ago as a land rich in precious stones, gold and spices, and it is said that somewhere about 1300 A.D. the island was invaded by Kublai Khan. The traditions of Brunei and Sulu indicate that about this period there was established a Chinese settlement somewhere in the northern part of the island, and signs of early contact with Chinese civilisation still exist.

The first visits to the island of Borneo by Europeans were probably made by Spaniards and Portuguese. The companions of Magellan, after the death of their chief in the Philippines, after the death of their chief in the Philippines, called at Brunei in 1521; their historian, Pigafetta, left it on record that this city was then of considerable

importance and contained no less than 25,000 families. A Dutchman visited Brunei in 1600, and the Dutch founded establishments in Borneo about that time. The first visit of an Englishman to the island seems to have been in 1665, when a certain Captain Cowley "visited a small island which lay near the north end of Borneo".

In 1773 the East India Company founded a station at Balem-bangan, an island to the north of Marudu Bay. This island and all the north-east promontory of Borneo had been granted by the Sultan of Sulu to Alexander Dalrymple in 1756, as a reward for procuring his release from Spanish captivity in Manila. The settlement at Balem-bangan was attacked by Sulus and Ilanuns in 1775, and the garrison was forced to flee to Brunei, where the East India Company had another station. In 1803 the Company again formed an establishment in Balem-bangan, but shortly afterwards abandoned it, as well as the settlement in Brunei.

Meanwhile the Dutch had extended their influence and had acquired control of all but the northern and western portions of the island. By the beginning of the nineteenth century the north and west had relapsed into a condition of lawlessness and decay. Here the Sultans of Brunei and Sulu exercised nominal control and farmed out the rights of collecting revenue to natives of rank. These "farmers" settled at the mouths of the rivers, levied taxes on passing traders and plundered the inhabitants. On the coast there was a loose system of Mohammedan law and in the interior natives settled their own disputes according to tribal custom. Head-hunting was rife, disease ravaged the country, and pirates ranged the seas.

These, in brief, were the conditions in the north and west when James Brooke visited the island in 1840 and was installed as Rajah and Governor of Sarawak in 1841. Foremost among the new Rajah's ambitions was the suppression of piracy. The principal piratical races at the time were the Illanuns, the Balanini, the Bajaus and the Sulus, all living near the north of the island. Their vessels were of large size, sometime reaching a burden of 60 tons and a length of 90 feet, and they were heavily armed. Their cruising grounds were extensive, covering the coasts of the Philippine Islands, Borneo, the Celebes, Sumatra, Java, the Malay Peninsula, and even the Bay of Bengal. They had settlements of considerable size in Marudu Bay and along the west and east coasts of North Borneo.

After several efforts, Rajah Brooke persuaded the British Government to take an interest in the suppression of this piracy, which was doing considerable damage to European shipping as well as to native craft. Several expeditions were sent against the pirate strongholds on the north coast during the years which followed, culminating in the destruction of Tunku on the east coast by H.M.S. Kestrel in 1879.

The modern history of North Borneo may be said to have begun in 1847, when the British Government concluded a Treaty of Friendship and Commerce with the Sultan of Brunei and acquired at the same time the island of Labuan, which became a Crown Colony with a Governor and other officers. A similar treaty was entered into in 1849 between Great Britain and the Sultan of Sulu, but was not ratified owing to the difficulties raised by Spain.

British and American traders now attempted to obtain a firmer footing in North Borneo, and in 1872 protracted negotiations with the Sultans of Brunei and Sulu led to the cession in perpetuity of a large area of the country to a private syndicate controlled by Mr. Alfred Dent and his brother. The cession was subject to certain annual payments to the Sultans. In 1881 a Liberal Government under Gladstone granted a Charter to the "British North Borneo Provisional Association, Limited". The Charter provided, *inter alia*, that the new Company should always be British in character. It prohibited the transfer of the benefits of the grants and commissions without the consent of the Secretary of State, forbade the grant of any general monopoly of trade and invested the Secretary of State with certain powers of supervision over the Company's proceedings, including the appointment of its principal representative in Borneo. The Company undertook to abolish slavery, to administer justice with due regard to native customs and laws, and not to interfere with the religion of the inhabitants.

Following the grant of the Charter, the British North Borneo Company was formed in May, 1882, to finance the administration of the new state. A long diplomatic correspondence was necessary before the misgivings of the other European powers, in particular Spain and Holland, were finally allayed. In 1888 the state was created a British Protectorate, and from 1890 Labuan was by request of the British Government administered by the Government of North Borneo. This agreement ceased as from 1st January, 1906, the British Government having decided that it was necessary on grounds of imperial policy that Great Britain should resume direct responsibility for the administration of the Colony of Labuan.

Considering the lawlessness which prevailed before the British occupation, North Borneo has been remarkably free from unrest, though some trouble was encountered by the Company in the early years of its administration. Exploration of the newly acquired territories continued steadily and the little-known regions of the interior were gradually penetrated and brought under control. Various enclaves of territory not included in that acquired from the Sultans were absorbed from time to time to knit the state into a compact whole of about 29,500 square miles. Economically, the country went slowly ahead. Capital started to flow in, though not as freely as had been hoped, and labourers were encouraged to immigrate from China. The west coast railway was begun in 1896 and completed nine years later to link Jesselton with Weston in the south and Melalap in the interior. A serious economic crisis was averted by the rubber boom in the early nineteen-hundreds, the land which the railway had opened up proving eminently suitable for the growing of rubber, which became within a few years the mainstay of the country's economy.

In January, 1942, North Borneo was invaded by the Japanese naval and military forces. For over three and a half years the country remained under enemy occupation until final liberation by units of the ninth Australian Division, who landed in Labuan on 10th June, 1945. The behaviour of the population during this period was, with very few exceptions, exemplary, and many paid for their loyalty with their lives. The British Military Administration, which contained a few former Chartered Company senior officers, found the Colony in a state of appalling devastation. Many towns had been completely

destroyed or badly damaged by fire or bombing, and many of the inhabitants murdered, among them a large number of Government servants. The military Administration continued until 15th July, 1946, when North Borneo became a Crown Colony and civil Government was resumed. On the same date Labuan was incorporated into the new Colony.

CHAPTER 3—ADMINISTRATION.

The Constitution of the Government of North Borneo is established and regulated by Letters Patent, dated 10th July, 1946, under which a Governor and Commander-in-Chief of the Colony was appointed. By this instrument full sovereign rights were assumed over North Borneo, following the North Borneo Cession Order in Council dated 10th July, 1946, and the Labuan Order in Council of the same date, by which the former State of British North Borneo and the Settlement of Labuan became the new Colony of North Borneo.

Under these Letters Patent and the Royal Instructions dated 10th July, 1946, the Colony is administered by a Governor with the assistance of an Advisory Council. The Advisory Council must be consulted by the Governor on all important matters, especially the enactment of legislation, and consists of three *ex-officio* members, the Chief Secretary, the Attorney-General and the Financial Secretary, together with such other members, both official and un-official, as the Governor may appoint. At the end of 1948 there were twenty-three appointed members, including on the official side the three Residents, the Commissioner of Immigration and Labour, the Director of Agriculture, the Director of Public Works, the Director of Medical Services and Mr. H. G. Keith (Conservator of Forests), and on the unofficial side seven natives of the country, four Europeans, and four Chinese. In addition, to advise him on important questions of principle and policy, the Governor has appointed an Executive Committee consisting of the three *ex-officio* members of the Advisory Council with the addition of the Resident, West Coast, the Commissioner of Immigration and Labour, and three leading unofficial members of the Advisory Council.

The laws of the Colony are complicated, being in part those applicable to the old State and in part those of the Straits Settlements previously applicable to Labuan, together with proclamations issued by the British Military Administration, many of which are still in force, and new Ordinances and rules and regulations which have been enacted and brought into force since civil Government was resumed in 1946. The English Common Law also applies.

The day-to-day administration of the Colony is carried out by twenty-nine departments under the general direction of the Chief Secretary, the principal executive officer of Government, who controls the Secretariat, which in addition to the usual complement of Assistant Secretaries, contains a Deputy Chief Secretary, a Commissioner for Local Government and a Development Secretary. The Attorney-

General is head of the legal branch, financial administration is in the hands of the Financial Secretary, and the Accountant-General, as Chief Treasury Officer, is responsible for the public accounts. The Commissioner of Customs & Excise is charged with the collection of import and export duties, with the direction of preventive work and the compilation of trade statistics.

Labour and immigration problems are dealt with in a single department under the Commissioner of Immigration and Labour. In addition there is at present as a temporary measure a Labour Adviser for North Borneo, Brunei and Sarawak with his headquarters in Jesselton, who advises the three Borneo Governments on labour conditions generally, studies the laws of the three territories with a view to their recodification and standardisation, assists in the development of Trade Unions along the right lines, and arbitrates where necessary in cases of industrial or labour unrest.

Other permanent departments are the Agricultural, Audit, Constabulary, Drainage and Irrigation, Education, Fisheries, Forests, Judicial, Lands, Marine, Medical, Posts, Printing, Prisons, Public Works, Railways, Surveys and Telecommunications. Temporary departments include those of the Controller of Supplies, the Custodian of Enemy Property, the Food Controller and the Price Controller.

For local administration the Colony is divided into three Residencies, the West Coast, the East Coast, and the Labuan and Interior, with their headquarters at Jesselton, Sandakan and Beaufort respectively. There are four District Officers in the West Coast Residency, at Jesselton, Kota Belud, Kudat and Papar; three in the East Coast Residency, at Sandakan, Lahad Datu and Tawau and four in the Labuan and Interior Residency, at Beaufort, Keningau, Labuan and Tenom. In addition there are sub-districts in each Residency under the control of an Assistant District Officer or a Deputy Assistant District Officer (Native Officer).

Within each district and sub-district village headmen carry on minor administration under Native Chiefs, who in turn are responsible to the District Officer. These chiefs preside over Native Courts which deal with offences against Native Custom and breaches of Moham-medan Law. The courts held by District Officers in their magisterial capacity are concerned with normal civil actions, breaches of the laws of the Colony and offences against the Penal Code. In addition to their other duties, District Officers and their assistants are Assistant Collectors of Land Revenue and Assistant Protectors of Labour.

In the majority of townships there are Sanitary or Rural Boards under the chairmanship of the Resident or District Officer. Each section of the community is represented on these Boards.

CHAPTER 4—WEIGHTS AND MEASURES.

Imperial weights and measures and the following local weights and measures are in general use:—

Avoirdupois Weight.

1 tahl	=	1-1/3 ounce		
16 tahils	=	1 kati	=	1-1/3 pounds
100 katis	=	1 pikul	=	133-1/3 pounds
40 pikuls	=	1 koyan	=	5333-1/3 pounds

Measure of Capacity.

2 gills	=	1 pau
2 paus	=	1 pint
2 pints	=	1 quart or chupak
4 quarts	=	1 gallon or gantang
10 gantangs	=	1 para
800 gantangs	=	1 koyan

CHAPTER 5—NEWSPAPERS.

One English language newspaper, the North Borneo News, commenced publication in 1948. It appears fortnightly and contains report of such matters as Advisory Council Meetings, excerpts from other newspapers, and a few articles of local interest.

There is one Chinese language publication, the Jesselton Overseas Daily Newspaper (Api Wah Chiau Nit Pau). It has a small local circulation. The news it presents is factual and is obtained mainly from official Chinese wireless broadcasts. It caters solely for the Chinese community and is Chinese Nationalist in outlook.

No Malay newspaper is produced in the Colony.

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Price \$6.00.

Estimates of Revenue and Expenditure. (Annual).

Government Gazette. (Monthly) Subscription **\$6 per annum.**

North Borneo Forest Records.

No. 1. North Borneo Standard Grading Rules, 1938.
Price \$1.00.

No. 2. A Preliminary List of North Borneo Plant Names, 1938.
Price \$5.00.

No. 3. The Timbers of North Borneo, 1947.
Price \$7.00.

Note:—Owing to the destruction of the Colony's printing press during hostilities, no official publications can yet be printed in the Colony. In consequence there is frequently some delay before printed copies become available. In such cases typescript duplicated copies are provided wherever possible.

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Note:—Many of the above publications are unfortunately out of print and are only available in the more important reference libraries.

APPENDIX A.

COMPARATIVE STATEMENT OF CASES DEALT WITH DURING 1947 AND 1948.

BY THE HIGH COURT.

High Court.	Criminal.		Civil.	
	1947	1948	1947	1948
Original Jurisdiction ..	—	—	—	3
Revisional Jurisdiction ..	40	24	—	5
Appeals from Magistrates' Courts	28	39	3	—
Appeals from Sessions Courts	10	11	—	5
	1	1	—	1
Appeals from Commissioner of Lands & Assistant Collectors of Land Revenue	—	—	—	4
Total ..	79	75	3	18

COMPARATIVE STATEMENT OF CRIMINAL CASES DEALT

WITH DURING 1947 AND 1948.

BY SESSIONS COURTS.

Sessions Courts.	No. of Cases Tried.		No. of Persons.			No. of Cases in which Sentences were Passed.		
	1947	1948	Convicted.		Acquitted or Discharged.	Over 12 months.		Over 6 months.
			1947	1948		1947	1948	
West Coast ..	14	17	16	19	2	6	8	4
East Coast ..	10	19	10	34	3	7	23	1
Labuan & Interior ..	4	2	3	1	3	3	—	—
Total ..	28	38	29	54	8	16	31	5

**COMPARATIVE STATEMENT OF CIVIL SUITS DEALT
WITH DURING 1947 AND 1948.
BY SESSIONS COURTS.**

GENERAL.

Sessions Courts.	No. of Suits dealt with.		Value of Suits.	
	1947	1948	1947	1948
			\$	\$
West Coast	21	33	38,378	41,289
East Coast	10	13	8,283	31,078
Labuan & Interior ..	3	12	13,097	8,142
Total ..	34	58	59,758	80,509

PROBATE & ADMINISTRATION.

Sessions Courts.	No. of Suits dealt with.		Value of Suits.	
	1947	1948	1947	1948
			\$	\$
West Coast	39	23	942,608	214,267
East Coast	13	21	180,243	240,323
Labuan & Interior ..	1	14	21,745	93,786
High Court (Resealing) ..	—	5	—	68,220
Total ..	53	63	1,144,596	616,596

**COMPARATIVE STATEMENT OF CIVIL SUITS DEALT
WITH DURING 1947 AND 1948.
BY MAGISTRATES' COURTS.**

Magistrates' Courts	No. of Suits dealt with.		Value of Suits.	
	1947	1948	1947	1948
West Coast Residency.			\$	\$
Jesselton	74	117	7,087	11,506
Penampang	6	7	723	1,280
Papar	107	90	2,651	3,279
Tuaran	26	80	2,881	3,264
Kota Belud	—	—	—	—
Kudat	12	22	1,723	2,838
Total ..	225	316	15,065	22,167
East Coast Residency.				
Sandakan	54	146	4,810	14,230
Beluran	2	5	122	440
Lamag	1	11	51	441
Lahad Datu	67	85	3,337	6,758
Semporna	15	10	689	602
Tawau	9	9	1,296	803
Total ..	148	266	10,305	23,274
Labuan & Interior Residency				
Beaufort	62	116	2,556	7,406
Tenom	17	40	2,403	2,161
Keningau	2	1	94	103
Tambunan	1	1	103	5
Pensiangan	—	—	—	—
Sipitang	2	1	326	41
Mempakul	4	3	428	441
Labuan	9	8	1,460	2,346
Total ..	97	170	7,370	12,370
Grand Total ..	570	752	32,740	57,944

COMPARATIVE STATEMENT OF CRIMINAL CASES DEALT WITH DURING 1947 AND 1948. BY MAGISTRATES' COURTS.

Magistrates' Courts.	No. of Cases tried.		No. of Persons.			No. of Cases in which sentences were passed.		
	1947	1948	Convicted.		Acquitted or Discharged.	Over 12 Months.		Over 6 Months.
			1947	1948		1947	1948	
West Coast Residency.								
Jesselton ..	531	492	441	331	191	5	5	3
Penampang ..	8	30	5	23	4	—	1	—
Papar ..	90	76	135	108	7	2	3	5
Tuaran ..	74	104	30	52	26	—	—	2
Kota Belud ..	65	43	63	48	14	10	—	—
Kudat ..	95	126	98	146	6	—	1	12
Total ..	863	871	772	708	248	17	10	22
East Coast Residency.								
Sandakan ..	375	334	319	370	86	2	11	13
Beluran ..	34	37	32	51	14	—	3	2
Lamag ..	4	20	3	22	3	—	—	—
Lahad Datu ..	51	125	64	135	16	—	12	1
Semporna ..	31	21	43	11	3	—	—	—
Tawau ..	109	153	93	185	34	1	—	—
Total ..	604	690	554	774	156	3	26	16

**COMPARATIVE STATEMENT OF COMPANIES
REGISTERED DURING 1947 AND 1948.**

	1947	1948
Companies Incorporated outside the Colony	4	3
Companies Incorporated in the Colony	—	3
Companies dissolved	—	—

APPENDIX B.

GENERAL RETURN OF REVENUE, EXPENDITURE, TRADE AND POPULATION.

Year	EXPENDITURE			TRADE †		Exports of Rubber. (Tons).	Exports of Hemp. (Tons).	Land Revenue and Land Sales. Thousands of dollars.	Railway Receipts. Thousands of dollars.	Estimated Population
	Revenue	Capital		Imports.	Exports.					
		Revenue.								
	Thousands of dollars.	Thousands of dollars.		Thousands of dollars.						
1890	380	339	156	2,018	901	—	—	240	—	67,062
1900	587	398	1,100	3,179	3,337	—	—	26	—	104,527
1910	1,753	815	323	3,801	4,609	24	—	205	117	208,183
1920	3,612	1,845	930	11,009	12,049	4,105	—	165	302	232,799
1930	3,391	2,297	507	6,383	8,995	7,105	5	244	307	297,652
1935	2,726	1,773	250	4,755	7,819	8,869	237	271	186	284,813
1940	4,232	2,137	251	9,978	20,271	17,622	2,825	403	334	309,776
	Revenue, excluding Grants-in-Aid & C.D. & W. Grants.		Special & Extraordinary							
1947	7,171	4,979	6,940††	20,472	16,933	15,010	849	630	392	331,000
1948	7,995**	5,694**	5,033**	25,419	29,742	20,087	584	567	540	336,000

† Excluding transshipment trade.

†† Includes \$2,591,078 in respect of redemption of Chartered Company currency.

** Subject to adjustment.

COLONY OF NORTH BORNEO

SCALE: 1 INCH = 20 MILES
MILES 20 15 10 5 0 20 40 MILES

REFERENCE

- Wireless Station.....
- Light House, Light Buoy.....
- Railway.....
- State Boundary.....
- Residency Divisions.....
- Formed Roads.....
- Bridle Paths.....
- Tracks.....



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